

From: Springer, Darren [Darren.Springer@vermont.gov]

Sent: Saturday, October 17, 2015 11:46 AM

To: GPS

CC: Johnson, Justin; Miller, Lawrence; Allen, Susan; Gray, Laura; Coriell, Scott; Pepper, James; London, Sarah

Subject: Weekly Reports - Executive Privilege 10 16 15.pdf

Attachments: Weekly Reports - Executive Privilege 10 16 15.pdf; ATT00001.txt

Highlighted Weekly Attached.

Gov -

ACCD section has EB5 update and some background on conversations with Ashe, Ancel, and Steve Klein for E-Board.

Also nothing in here that I saw on this, but we have threatened litigation as Lawrence mentioned yesterday from Dartmouth-Hitchcock, and Sarah and Lawrence are on top of it.

Scott - high risk sex offender release in DOC section, and Anson digging around on PSAPs in AOA section.

Justin, Laura, Sarah, Pepper, a few notes in here for you.

Sue, enjoy your last days out West!

Thanks,
Darren

WEEKLY REPORTS

Checklist
10/16/15

Darren Springer

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Financial Regulation – Susan Donegan
- Public Service Department – Chris Recchia
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Education – Rebecca Holcombe
- Agency of Transportation – Chris Cole
- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Justin Johnson

Jessica Gingras

- Boards and Commissions – Jessica Gingras
- Department of Liquor Control – Jim Giffin

TBD

- Department of Labor – Annie Noonan
- VT Commission on Lottery – Greg Smith

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: October 16, 2015
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

GOVERNORS PRIORITIES:

EB5: Jay peak: I am working with White and Burke, Alex MacLean, the attorney general's office and DFR to finalize the July construction payment and begin the August requisition for Q Burke approved. I expect there to be contention as there is \$177,000 payment for delay of construction which is not for specific bricks and mortar in the July requisition and likely another in August. The project also wants to have funds for marketing released. This will be a second point of contention.

Gov
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There are two potential lawsuits to be filed in the next week or two against Jay Peak. One from a Tram Haus Phase 1 investor, and the second from a Q Burke investor. Both have secured in state counsel.

Selden: We have heard from a disgruntled investor in Selden who is claiming she will file suit. She has received a green card but is not happy that the company is closed and therefore she will not receive her investment. We continue to talk with the attorney representing the company's primary debtor and shareholder about the possibility of a sale and restart. It is remote at this point.

Vermont Wood Pellet: we continue to talk to Chris Brooks about an expansion to a second facility at the former Dirigo paper site in Gilman. The site location is confidential. We have a financing meeting on Tuesday to discuss the project.

GS Precision: I talked with Alyssa Schuren about the need for expedited review of wetlands and stormwater permits to be able to keep the project on time. She has done great work getting her team mobilized to give this as fast as turn around as possible. Many thanks to Alyssa.

Vermont Country Store: I picked up on Lyman Orton and family being very upset with their permit process for their Rockingham store expansion. They are now questioning their thoughts of a northern store. I have reached out to Lyman and Alyssa about this. More to come.

Gov
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Emergency board: I met with Tim Ashe and Janet Ancel and JFO to discuss the pending enterprise fund applications. Both were questioning why the enterprise fund was needed in addition to VEGI. We explained the competition. Steve Klein does not believe will have problems with these two. I gave a heads up about a likely Global Foundries application next month. Steve Klein has significant concerns given the lack of new jobs and the fact that they are "already staying here." So we will have an uphill climb there. As Joan Goldstein notes: The preliminary discussion around the E-board meeting for the VEF provoked an interesting discussion with Sen. Ashe. Is the VEF another Economic development 'program' that will have performance criteria, clawbacks, etc. or is it simply a pool of funds to be used to lure new businesses or help convince businesses to stay in VT. If we think it could be utilized to help with retention efforts since we do not have such tools then perhaps we design it accordingly and ask for more funding next year? (my words) The number of businesses that have closed or have reduced their footprint in VT recently – Chouinard, Vt Castings, Energizer, to name a few - were all multi state or multinational firms- and the lack of any 'retention' funds leaves us very vulnerable. Perhaps we put some more thought into asking for this as the business world is global, we should recognize it, and plan accordingly if we want to compete. If not, we are taking the risk that VT companies that grow will grow out of VT. Perhaps a VEF helps us hedge that risk.

Windham County economic development program: we have four letters of intent from Windham County as a result of our RFP for grants. One is for a loan to New England Circus arts. The small number of applicants does not bother me as the RFP was meant to narrow the scope of applications and be clear about what projects we intend to fund. The funding provided to BDCC has resulted in the hiring of RT Brown who has hit the ground running. We expect he will drum up continued interest in loans and grants for the next round. I have not seen the letters of intent yet so cannot describe the projects. The applications are from VCRD and I assume that's to do the economic development analysis for Vernon. Another from Strolling of the Heifers and last from The Commons.

- **Legislative studies:** I am working on the Technical Education funding study group. Also the Lumina Foundation funded group looking to increase the # of Vermonters seeking credentials beyond high school. And we have the relocation tax credit study committee continuing.
- **VDTM reports: World's Best Foliage Campaign:** Laura did a radio interview with WBUR, Boston's NPR station; [VT Digger](#); and [WCAX](#). Deputy Commissioner Cook was interviewed by [WPTZ](#). A drone video of Vermont's fabulous fall color went viral and was picked up by NBC. A photo of Smugglers' Notch was seen by 11,078 people.
- **Columbus Weekend Strong:** Electronic door counts at selected Vermont Information and Welcome Centers are the earliest indicator of visitor trend data available. That data for the holiday weekend just past indicates an increased number of visitors to Vermont. The counts for Georgia Southbound and Randolph Southbound on I-89, both regular stops for Canadians, were the only facilities showing a decline. The new Bennington Welcome Center, now in its third year of operation, reported the greatest increase (73.6 percent) in traffic, an indication that travelers are finding the facility.

Columbus Weekend Totals			
	2014	2015	% Change
Fair Haven	3146	3217	2.3%
Georgia South	2304	1840	-20.1%
Guilford	18527	19780	6.8%
Randolph South	6799	6362	-6.4%
Sharon North	10458	10997	5.2%
Williston North	5723	6181	8.0%
Bennington	2741	4758	73.6%
Hartford	7082	7350	3.8%
	56780	60485	6.5%

KIERSTEN BOURGEOIS, SENIOR PROJECTS MANAGER

Recruitment

- **Project Composites:** We are nearing the final lap of this project! The E-Board's decision on Monday, coupled with the VEPC Board's decision on Thursday, will likely determine whether this company will select Vermont as its US location. To recap, the company is considering leasing the St. J Fund owned facility in the St. Johnsbury/Lyndonville Industrial Park and will create about **75 jobs over 5 years**. If this project is to be announced in Quebec, we will need to work quickly (next Friday) to incorporate this into the visit.
- **drinkMaple:** This small company, presently located in Massachusetts, has decided to set up operations in St. Albans City. They already use sap from a variety of woodlot owners in Franklin County for their product (<http://www.drinkmaple.com>) and think that preparing it for bottling in Vermont is better than MA! The company exports worldwide and is growing rapidly. There will be just two direct, new jobs created, but the benefit to the sap producers will be significant as well. At this time, they are working with VEDA and I will make introductions to VTP at the right time. They also may pursue a Working Lands grant. Dom Cloud and Marty Manahan deserve huge kudos for their assistance with this little project.
Note: The aseptic packaging/bottling is done in Buffalo; there are only a couple of facilities that can do this in the US at this time. I checked with the owner of Green Mountain Co-pack to confirm this and also see if it would be economical to set up an aseptic line in Vermont. It is very costly equipment and the throughput presently doesn't exist.
- **Dairy Recruitment:** I was asked by Tom Bellavance of AgVentures and Mark Magnan of the St. A Coop Board to help them figure out a strategy to bring more value-added dairy producers to the state. Presently, there is a lot of milk available (VT is not a deficit state like Maine and NH) and some members of the dairy community want to talk about how to find a home for it. I provided them with a Recruitment 101 overview and will bring FK and Tim Smith in for the next conversation. As is the case with other sectors seeking to invest in Vermont, there is little to no ready-to-go space available.

Other

- **DairyVision:** We had an executive committee meeting to talk about the Dairy Summit that will be taking place on 11-19 which will highlight the "Milk Matters" information and discuss dairy as a business, as well as the organization itself. Alexis Glick has agreed to serve as the keynote speaker at the event (<http://www.genyouthfoundation.org/about/alexis-glick/>). She presently serves as CEO of the GenYouth Foundation. The audience (invite-only) will be comprised of a good mix of business leaders from a variety of industry sectors, including the farming community. There will be a panel comprised of Tom Moffitt, Jane Clifford and Dan Smith. Should be a very good event.

Quebec

- In addition to assisting with the Governor's visit to Montreal and working with the prospects, I'm working on organizing three other events:
 - Another visit from a delegation of Monteregie region businesses (same organization that came on May 20th, but this time with different companies, obviously).
 - A "first" visit from a group of businesses from the Sherbrooke region. I will also mention this to Project Composites principals.
 - Quebec-based/2nd Homeowner Soiree somewhere in either Lamoille County or the NEK. Trying to arrange this in late-November. We have VERY good lists from LEDC and NVDA.
- **Beer!:** Will reach back out to 14th Star re: their desire to work across the border; there is a new CEO that I know well.

KEN JONES, ECONOMIC RESEARCH ANALYST

- Ken is setting up meetings with Vermont businesses that are large energy users to explore some of the possibilities of electric rate design and the delivery of energy efficiency services. This effort is to help the Agency comply with the requirements in Act 199 of 2014.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- Commissioner Smith is on vacation this week.

Steve Cook, Deputy Commissioner

- Deputy Commissioner Cook is attending the Ski Vermont event in Toronto this week.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Social Media Metrics:** Facebook page visits were up 125% week-over-week. Total reach of 165,437 was up 124% week-over-week. "People engaged" was up 279% week-over-week.

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **Foliage Report – Week 5:** VDTM is on the fifth week of sending the state's official [fall foliage report](#). This was sent to almost 5,000 recipients, with new consumers signing-up every day.

MARKETING & DESIGN ♦ David Burnell, Marketing Coordinator

- **World's Best Foliage | Discover New England Guide Ad Placement:** The international market is big on foliage – therefore, VDTM has recycled the World's Best Foliage campaign, to be inserted into DNE guides in English, German, and Japanese (Japanese translation to come).



RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Research

- **Consumer Sentiment:** A recent [Nielsen global online survey](#) finds that consumers worldwide are willing to spend more for products and services that are socially and environmentally responsible. In this year's survey, 66 percent of respondents indicated they support responsible companies, up from 50 percent in 2013. This has strong implications for the importance of sustaining Vermont's brand and image as a destination and as a manufacturer of quality, sustainable products in the global economy.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Joan Goldstein, Commissioner

- **Economic Development Marketing Plan RFP:** reviewed 13 submissions. 9 were from out of state and 4 were in state. We plan to ask back a subset for in person interviews/ presentations for October 28-30. Of importance to us is whether or not the firm has experience in 'place' marketing. We have ranking criteria and will also have specific questions for our in person interviews.
- **Employee relocation tax credit study:** The two employers present on the committee mentioned that their specific and generous relocation packages still do not help recruit those from other regions of the country. There has to be an affinity to/for VT. They did mention the availability of housing as a major concern amongst those that are indeed willing to relocate. We spent some time wondering whether the credit should be an extension of the first time homebuyer credit to first time buyers of primary residence into VT from another state. We will widen the circle of employers involved in this study by inviting Chittenden and Addison county HR directors to our next meeting in November so that we can test some of our ideas and hear about others.
- **Peer to peer lending study:** We are starting to draft our ideas into written form with DFR. P2P lending/ crowdsourcing can fill a gap that exists when raising capital between 100k and 1mm. We will explore ways to raise awareness and knowledge amongst the technical assistance providers throughout Vt so that we can address capital needs and appropriateness of the various funding sources.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- **Working Lands** business outreach/grant application assistance to: Tabitha Bowling/Vermont Wood Pellet (NEK); Andy Boutin (Windsor); Jeff Rubens; Bob Moses/Britton Lumber (Fairlee); Lucas Jenson/ Treehouse Hardwoods and Millshop (South Burlington); Kevin Hastings/Amoskeag (Fairfax); Jon Blatchford/JK Adams (Dorset); Sarah Waring/Center for an Agricultural Economy (Hardwick); Orly Munzing/Strolling of the Heifers (Brattleboro); Rick Johnson/Cavendish Game Birds (Cavendish); Harry Hunt Architects (Stowe).
- **Vermont Training Program:**
 - Applications approved by Commissioner Goldstein: Hearthstone (Morrisville); American Meadows (Williston).
 - New applications received and ready for review and posting: Butterworks Farm (Westfield).
 - Applications actively being drafted: Businesses: Global Foundries (Essex); Revision (Essex); Connor Homes (Middlebury); PreCraft (Brattleboro); Service Providers: VTC/Franklin/Grand Isle WIB; and Vermont Agricultural Development Program (statewide).

BUSINESS SUPPORT ♦ Brett Long, Senior Economic Development Specialist

- Met with Zach Dutcher of Vermont Prototype in Colchester.
- Researched alternative CRM systems.
- Produced list of companies to contact in "at risk" communities.
- Worked on creating a list of DED and Partner programs.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **State of Vermont & Vermont Captive Insurance Association (VCIA) Chicago Road Show:** Dan Towle, Director of Financial Services, along with Dave Provost, Deputy Commissioner of Captive Insurance, was in Chicago this week co-sponsoring an event with the VCIA. These educational and networking events prove to be an excellent way to both identify new prospects and also stay in front of our existing captive insurance companies and referral sources. Dan presented, along with Dave Provost, on an educational session called the "Strategic Advantages of Captive Insurance". Two Vermont Captive owners also were the panel.
- **Genesis Re:** Dan met with the CFO of this existing Vermont captive to discuss other opportunities for growth. They are considering forming another captive with several hospitals that they are affiliated with and it was a very productive meeting. A first quarter of next year formation is probable.

- **McDermott Will & Emory LLP:** Dan met with Tom Jones, Partner of one of the leading law firms in the Captive Insurance Industry headquartered in Chicago. Tom is considered the leading healthcare lawyer in the industry and has the ability to direct many healthcare captives. Tom does extensive work in both the Cayman Islands and Vermont. Dan hopes to get more of this business in Vermont and discussed strategies with Tom.
- **Leff Communication:** Dan met with Rodd Zolkos, Editorial Director for Leff Communication. Rodd previously spent 20 years as a writer and editor with Business Insurance Magazine covering captive insurance. He now works for a marketing firm in Chicago, Illinois. Dan discussed with him ideas to potentially utilize his writing skills to promote Vermont.
- **Jet Services:** Dan met with the CEO of Jet Services, a Vermont domiciled captive located in Chicago. They are very happy with their Vermont Captive and have offered to be a reference on other prospective captives as needed.
- **American Society for Healthcare Risk Management (ASHRM):** Dan will be traveling to Indianapolis for the ASHRM conference starting this weekend. The conference runs through Tuesday of next week. This conference brings together a large number of Risk Managers from hospital and doctor's groups. This sector continues to be one of Vermont's fastest growing sectors. Our largest competitor in the healthcare sector, the Cayman Islands, send over 20 representative to the conference.

INTERNATIONAL TRADE AND ECONOMIC DEVELOPMENT ♦ Krista Conley, Director

- Had conference call with the Turkish trade official in Boston who's preparing a delegation to visit Vermont in March 2016. Once the date is final, we will finalize one on one meetings with Vermont companies in the sectors Turkey is seeking to engage. Reached out to Norwich University regarding their experience with Oman to support MMIC and their two \$5m proposals for mobile units, decisions which are currently pending. Continued support of MMIC and Chroma in the run-up to the November Medica show in Germany. Will be having call with European matchmaking company about possibly furthering relationship with the State for other businesses looking to match with European businesses - we were impressed with their work on Medica.
- Had my first call with the Eastern Trade Council, a membership group that represents 9 Eastern States. It was very helpful to share information, which included the following updates:
 - Ex-Im Bank - There will be a vote on the floor, likely late October. Outcome may be dependent on the new Speaker.
 - Hannover - Since the USA is the sponsor of this event, there is significant pressure for all 50 states to attend. Many ETC states are going and several states asked if there was some discounting or money available for smaller states to attend. Assistance is being discussed in DC. I have a call Monday with New Hampshire and Maine about working together to defray costs. Hannover Messe is in late April 2016, the same dates as Aero Montreal Innovation, so if we do attend, we will need back-up to adequately cover both events.
 - Export Promotion Outcomes - PA offered to share their comprehensive system of outcome gathering - for example, they have a \$6.5m international budget that generated \$500 million in revenue. They are a big state, but he was happy to make recommendations for smaller states on how to build the systems. This would be very helpful data.
 - TPP - FYI, states will soon have a 60 day comment period.
 - STEP - The program is under fire and we are to send our feedback to SIDO which is coordinating a meeting to share concerns. ETC members are being encouraged to look at EDA and NIST grants, in addition to STEP.

VT PROCUREMENT TECHNICAL ASSISTANCE CENTER ♦ Robin Miller, Director

Other PTAC News

- PTAC Team hosted a Compliance Landmines: Avoiding Costly Small Business Mistakes at the Sheraton in Burlington on Oct 6th from 9am to Noon. Mark R. Thomas, Managing Partner at The Reid Group, presented this workshop.

VERMONT TRAINING PROGRAM ♦ John Young, Director

- Working with Louis Garneau on a grant application for incumbent training but have not received the draft yet for more details.
- Provided support along with Jared to VTC and Revision Military and hope to see completed applications soon.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay

- **Act 250 9(L) Stakeholder Meeting:** In 2013, the Legislature modified one of the Act 250 criteria, criteria 9(L), Existing Settlement, to deal with strip development and inefficient use of land. It was part of a broader package that included additional incentives to develop in our state designated centers that DHCD spearheaded. Last year,

the Legislature requested that DHCD, in collaboration with the Agency of Natural Resources and the Natural Resources Board develop outreach material, including illustrations and examples, and develop training. They asked us to do this with input from a variety of stakeholder input (environmental groups, municipalities, regional planning and economic development organizations, planning organizations and chamber of commerce). After several months working with the NRB and ANR on a draft, the stakeholder meeting was held last week. The draft document was sent several weeks in advance and folks came prepared and provided thoughtful and constructive feedback. Meeting notes along with written comments we received will be compiled and sent out later this week. We will review the comments and provide an updated draft for review before setting up a follow up meeting. Special thanks to John Adams for his leadership and work on drafting and editing this document.

- **Avian Influenza:** Joined a call led by the Agency of Ag to discuss preparations for response and recovery for Avian Influenza. You may remember that AI hit western states earlier this year and as wild birds migrate east, our domestic flocks are in danger of contracting this disease. DHCD may be able to help by launching our Business, Agriculture, and Cultural and Historic Resources Damage Assessment (BACH-DA) form. We will review to make sure that the form can capture the breadth of impact from AI through the supply and customer chain as well as direct impact to farmers. For more information, check out this [link](#).

Vermont Economic Resiliency Initiative (VERI) and Resilience

- **Vermont Edition:** A segment on VT Edition focused on the report release and what we are doing to help support implementing report recommendations. If you are interested in listening, the segment can be found [here](#).

Deputy Commissioner Hanford

- **GS Precision:** Met with VEDA to review project financials and better understand their underwriting for this important project.
- **One Taylor Street Re-development & Multi Modal Transit Center - Montpelier:** Reviewed the project scope and eligibility for CDBG-DR, VCDP and other funding sources to support the project. This project has been “on the books” with partial funding commitment for years. The City has momentum and wants to secure final project funding.
- **Richmond Creamery Re-Development:** Participated in a meeting with the new site developers, project consultants and other funders. Aggressive timelines, available funding and environmental conditions are presenting some challenges for the developer.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partners

- **DHCD & ANR** share goals to steer development away from the countryside to developed areas and will work together to find solutions to support ongoing investments in Vermont’s designated downtowns. Unfortunately, there is no ‘silver bullet’ and it will take more time and creative thinking to overcome this challenge. Ideas discussed include waving permitting fees in downtowns, exempting downtown areas from stormwater permits, allowing municipalities to use flexible management approaches through local ordinances, creating a downtown funding priority in the Clean Water Fund, promoting building density by handling roof and parking lot runoff differently, establishing a cap and trade program for phosphorus, and creating a fee-in-lieu alternative for off-site mitigation. Rulemaking for the new stormwater general permits and the stormwater manual may present additional opportunities to support downtown development.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- The FY 2016 Historic Preservation grant applications are in! This year, we received 55 applications from all 11 counties across the state, requesting roughly 890,000 for \$200,000 in available funding. This is up from 46 applications and \$631,000 in request last year. The Advisory Council will meet in December to award the grants.

State Architectural Historian

- **Church Place, Bellows Falls:** Devin and Caitlin conducted a site visit to Church Place in Bellows Falls. We met onsite with Scott Newman, Preservation Trust of Vermont, and Katie Buckley, Windham-Windsor Housing Trust, to discuss the possibility of nominating the street to the National Register and undertaking several multi-unit housing rehabilitations using the federal tax credits. The street is very depressed and several buildings are for sale and in need of major maintenance and rehabilitation. Consultation is ongoing.
- **Converse Hall, University of Vermont:** Devin met with historic preservation consultant Elizabeth Pritchett to discuss how to prepare the National Register nomination for Converse Hall on the UVM campus. The nomination is mitigation for the expansion of the UVM Medical Center and the demolition of three historic dormitories on the UVM quad.

Project Review: Hartland Solar: Yvonne visited a proposed solar installation in Hartland on Wednesday. The project area does exhibit some archaeological sensitivity and Yvonne will continue consultation with the installer to resolve any issues going forward.

State-Owned Historic Sites

- Several sites closed this past weekend for the season. We are grateful to our wonderful interpretive staff members who shared their own enthusiasm for Vermont history with the visiting public throughout the season. **Bennington Battle Monument:** The week preceding Columbus Day is usually the busiest at the Monument. The visitor count was **over 2600**, more than the number of visitors for the entire month of May. There were 35 motor coaches that stopped and went up in elevator and another 12 buses that came for a photo and postcard stop. The highlight of the weekend was the North Bennington Village School's history and bake sale. The students in the 5th grade portrayed many of Vermont's historical figures and told visitors their stories. It is a learning experience for the children and the visitors. The foliage is spectacular visitors are in awe of the view from the Monument. The staff here is starting to prepare for our 'haunted' Monument on Halloween, we have recruited the interact club at the high school to be volunteer 'zombies'.
- **Coolidge:** The site continues to be very busy with foliage visitors, most certainly helped by the particularly spectacular and long-lasting colors this year. Our thanks to the seasonal staff who have really stepped up to the plate! **2031** people visited Coolidge the week of 9/27 – 10/3.

HOUSING ♦ Arthur Hamlin, Housing Program Coordinator / Shaun Gilpin, Housing Policy Specialist

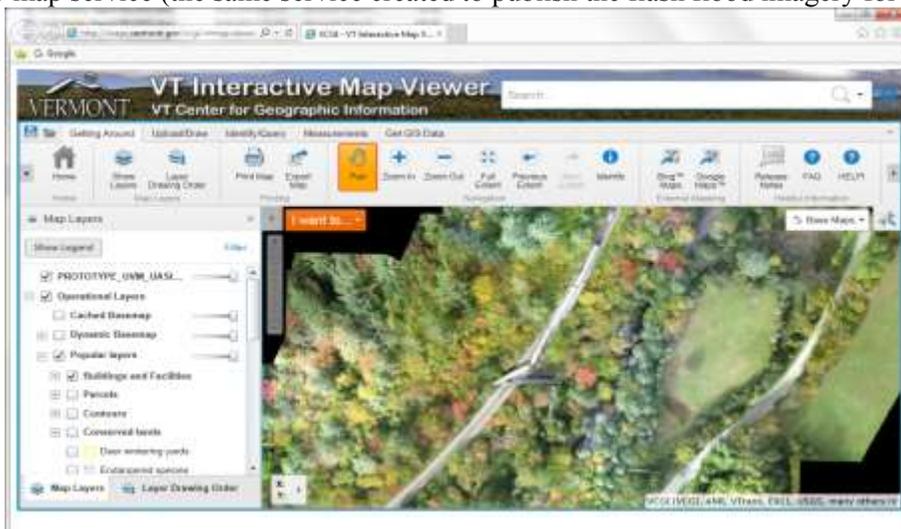
- Arthur mailed late reminder notices to approximately 35 mobile home parks that have not completed the registration that was due on September 1st. This "friendly reminder" generally has a good response. Any parks still not registered next month will receive a certified letter from the Department's General Counsel. To date 212 parks have registered. As most parks have registered Arthur calculated a preliminary mobile home park vacancy rate for 2015 of 5.2%.
- Out of 131 mobile home parks that raised rent during 2015, 21 were more than 3.6% and thus eligible for mediation. The deadline for any lot rent increase notices for 2015 passed with no mediation requests made this year.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Chief Marketing Officer

- **Bring Vermont Home for the Holidays:** Creative was submitted this week for a Dept. of Agriculture, Food and Markets 3-page ad spread that will appear in *Vermont Life*, *Edibles Manhattan* and *Edibles Brooklyn*, featuring 18 Vermont specialty food producers looking to increase brand awareness (and hopefully sales!) to a combined readership of 125,000 foodies and Vermont enthusiasts.

VT CENTER FOR GEOGRAPHIC INFORMATION (VCGI) ♦ Steve Sharp, Interim Director

- **GIS Data**
 - **New/Update Data and Web Services:** In response to the recent Amtrak derailment, VCGI worked with the University of Vermont's Spatial Analysis Lab (SAL) to make **imagery they collected** available via a prototype web map service (the same service created to publish the flash flood imagery for Barre this summer).



State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101
www.dfr.vermont.gov

For consumer assistance:
[All Insurance] 800-964-1784
[Securities] 877-550-3907
[Banking] 888-568-4547

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: October 16, 2015
Re: Weekly Report

Susan L. Donegan

Insurance Division:

The Insurance Division's Consumer Assistance Section has issued its year-to-date statistics for the first three-quarters of 2015 showing the summary of inquiries, the nature of the inquiries, the amount of money recovered for Vermont consumers and the average number of days to close an issue. In the first three quarters of 2015 there were 2,432 inquiries, up from 2014 by 161. The average number of days to close an inquiry in the first three-quarters of 2014 was 25.5 compared with 29.5 in 2015. This average appears higher than usual due to the ongoing research and investigation of a particular issue that has been open for more than three months. In the first three-quarters of 2015, just under \$532,200 was returned to Vermont consumers, which is almost on par with the \$535,000 for the same time period in 2014. Year-to-date 2015 chart follows.



**Division of Insurance
Consumer Assistance Section
Year to Date
January 1, 2015 – September 30, 2015**

Summary of Written Inquiries and Complaints

Totals

Inquiries Opened	2,432
Written Complaints Opened	340

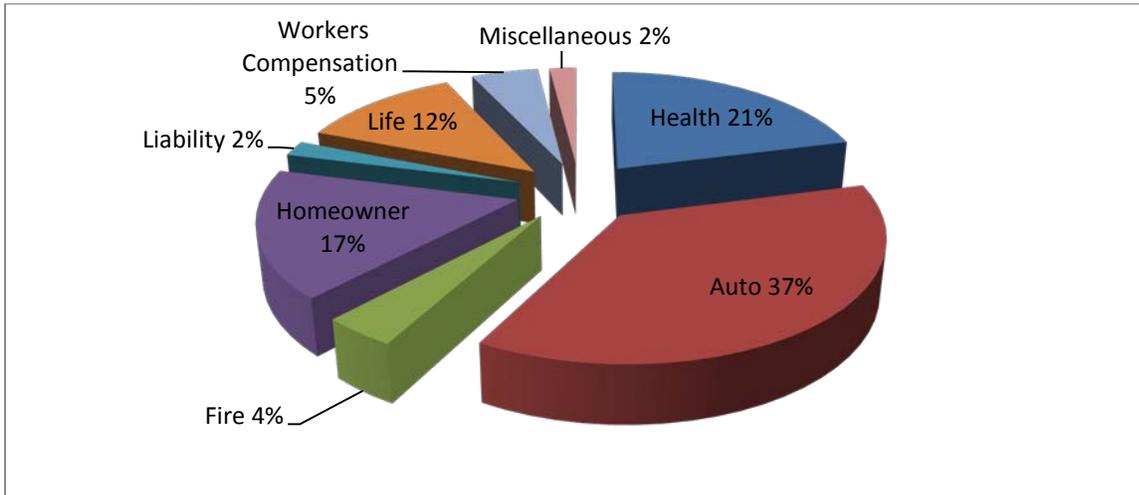
Dollar Amount Recovered for Consumers

\$ 532,184

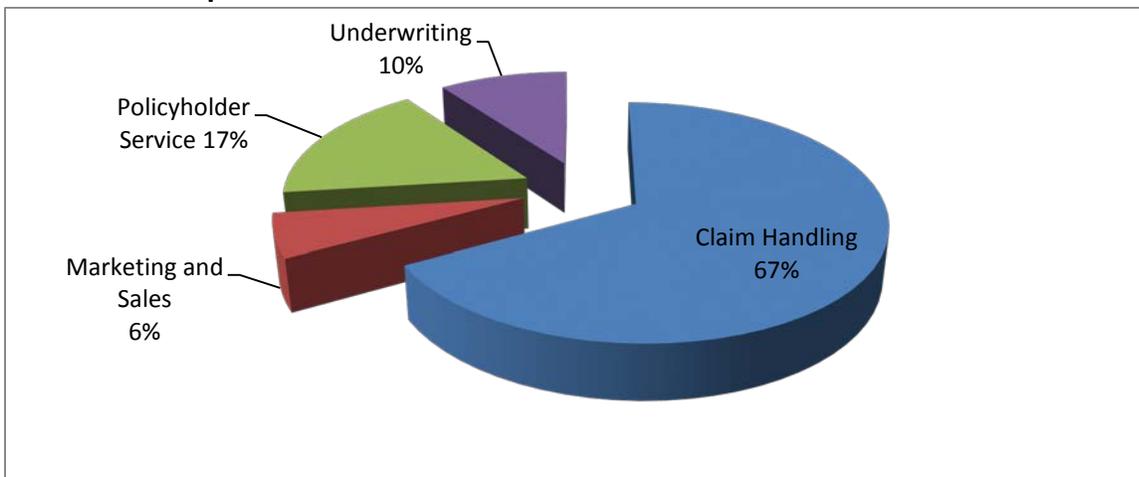
Average Days to Close Complaint

29.5

Complaints by Line of Insurance



Nature of Complaints





Privileged and Confidential

MEMORANDUM

To: The Honorable Peter Shumlin, Governor
Sarah London, General Counsel

From: Christopher Recchia, Commissioner

Date: October 16, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

Rule 4.100 – Generic Ratesetting Proceeding – No Docket – Department staff is working to put together a generic avoided rate filing pursuant to the existing Rule 4.100. Rather than relying on (an expensive) outside consultant, the Department has worked with utilities to generate these rates. Given market movements since the last ones were developed, these rates are lower than existing ones (possibly 20% lower!). The Department will likely file these rates next week. The filing will generate opposition from developers, especially those including Ranger Solar and Swanton Wind presently seeking Rule 4.100 agreements. All those 4.100 petitions were proposed to be dismissed as incomplete, but the Board has not acted on those petitions. If project developers refile complete applications before the board acts on the new rates, the projects will be evaluated under the existing rate.

Comprehensive Energy Plan – A second public hearing on the draft plan was held at Essex High School. Turn-out was around 40 people with about 20 providing comments. Most were supportive of a carbon tax and renewable energy sources generally. A contingent from Swanton concerned about the proposed wind project held signs out front and a few provided comments on the plan. Rep. Tim Jerman was present.

VGS – A status conference held yesterday on the MOU filing yielded an order from the Board that parties have a week to file comments. I am cautiously optimistic that the Board will accept the MOU into evidence, dismiss the opponent's motion to strike, and set a very tight schedule for rendering a decision on the 60(b) motion.

Sheffield Wind – Docket 7156; Brouha Sound Attenuation Report – We completed the attenuation study report and submitted it to the Board this week as part of Department filed comments in response to a Request for Relief from Paul Brouha regarding alleged violations of the Project sound limits. The Department recommended that the Board provide some additional process to address ambiguities in the sound monitoring protocol that currently prevent Department enforcement of the sound standard. It also recommended that the Board initiate an investigation into whether additional monitoring at the Brouha residence is warranted after the Board resolves the monitoring protocol ambiguities. Also, as noted below, we responded to Jane Kitchel and sent her a copy.

VY – The ASLB ruled yesterday that Entergy could withdraw its 30 day notice license amendment request, but only if they provided notice to Vermont of withdrawal details related to the things we are concerned about – taxes, legal expenses, spent fuel, etc. This was a win for us, and the first time in the Country a state has prevailed on these issues with the NRC.

Meetings/Calls this Week:

Oct 12 – National Energy Marketers Association NE Energy Policy Summit
Oct 13 – National Energy Marketers Association NE Energy Policy Summit, CEP Public Meeting
Oct 14 – National Energy Marketers Association NE Energy Policy Summit, CEDF Board Meeting, Sam Swanson to discuss Solar Siting Task Force
Oct 15 – EAN Annual meeting,
Oct 16 – EAN Annual meeting, NECPUC Administrative/Executive Directors meeting

Meetings next Week:

Oct 19 – Governor's Cabinet meeting
Oct 20 – Act 56 PA Structure Public Hearing
Oct 21 – VEC, Act 56 PA Structure Public Hearing, CEP Montpelier Public Hearing
Oct 22 – Solar Siting Task Force Meeting
Oct 23 – 2015 National State Liaison Officers Conference

Media: VPR coverage of the status hearing on VGS pipeline expansion. Extensive coverage of the MOU between PSD and VGS. AGO/DPS Press Release on ASLB ruling re: VY; VTDigger on VGS – expecting follow-up story; WAMC (Pat Bradley) re:VY; Rutland Herald re: TDI.

Public Official Contacts: Senator Bray at EAN; Response to Jane Kitchel on wind noise, and completion and forwarding of report to her.

Everything Else:

PERD

2015 Comprehensive Energy Plan

- Met with VLITE regarding their potential clean energy business accelerator program to help advance toward the CEP goals per VLITE’s mission. VLITE is considering different program design options including a model with investments into businesses participating in the accelerator program. They are working towards a December presentation to the VLITE board. It was recommended that PSD and ACCD help provide input into the criteria that would be used to identify and select potential clean energy businesses for participation in the program.

EEU Related PSB Dockets

- *Docket 8486* – Staff reviewed a copy of VEIC's RUS Form 740c referenced in the RUS Loan Guarantee Commitment Letter. The Legal and Finance Divisions are reviewing a draft Proposal for Decision from VEIC.
- *Docket 7988 – Community Energy Efficiency and Development Fund -*
 - GMP selected \$3.2M in projects to include in their 2016 CEED Annual Plan:

Avoided Costs

- PSB held a workshop to review participant recommendations of avoided cost values. PSD presented recommendation that an avoided RPS compliance cost be included for the first time as well as its recommendation that the only externalities that should be considered avoidable are those associated with the non-renewable percentage of the power supply. PSB was curious to understand how biomass generation fits into this formulation. PSD follow-up comments will elaborate on methodologies for determining these values, due on October 23rd.
- PSD continued to work with EVT and BED to collect the correct data for its analysis of historical avoided market costs of efficiency. It remains unclear whether EE that is bid into capacity markets and which earns FCM revenues also reduces the amount of capacity that DUs must purchase each month. Calls with VEIC FCM specialist (Cheryl Jenkins) are scheduled to get definitive answer. PSD plans to write up results in memo and circulate internally for feedback and suggested edits.

Net Metering

Net Metering Activity 10/3/15 – 10/9/15

	Registrations	Applications	45 Day Notice	CPGs Granted
Count	46	3	0	55
kWAC	299.71	326.04	0	909.11
Ave Size kW	6.38	108.68	0	16.53

Cumulative Capacity of ALL Formal Notices Submitted**

Year Total to Date		Total Since 1999	
2014 kW	2015 kW	1999 – 2015 kW	% of 15% NM Cap
26065.43	43454.82	121119.33	~ 80.7%

****Note:** These totals now include systems of all sizes, and include those systems for which 45 day notices have been filed as well as those for which formal permit applications have been filed.

Standard Offer

- PSB has requested initial comments on both how to allocate technology-specific MWs and whether to update price caps, due on October 26th. This is the first year that there will be 7.5 MW allotted, up from 5 MW allotted for each of the last 3 years. PSD previously recommended reserving 1.5 MW of the 5 MW allotment for both small wind (<100kW) and food waste digesters, with each entitled to at least 500 kW but no more than 1 MW. In the last auction there were 7 small wind projects accepted (>500 kW total) and one food waste project accepted (300 kW) under this formulation. We are likely to recommend a reservation for commercial rooftop solar.

Engineering

DOE / NTSF Rail Transportation Working Group Webinar

The State Nuclear Engineer attended an webinar for the Department of Energy / National Transportation Stakeholders Forum (DOE / NTSF) Ad Hoc Working Group. The Working Group’s purpose is to develop guidelines and evaluation methods for establishing primarily railroad-based potential routes for transporting Spent Nuclear Fuel to potential national spent fuel repositories. The meeting outlined an organizational plan for the Working Group, discussed a hypothetical transportation plan for Connecticut Yankee (as a sample work-product) and solicited volunteers to co-chair the Working Group. The State Nuclear Engineer may volunteer for this position.

NRC Approves VY Defueled Technical Specifications

The NRC has approved a major overhaul of VY’s Technical Specifications (i.e. the engineering parameter limits on its reactor operating license) that incorporate wholesale deletions of maintenance and surveillance requirements for systems that no longer operate due to VY being permanently shut down. Also eliminated are VY’s power generation operating mode (Mode 1) and several transitional modes between power generation and defueled status. The remaining Technical Specifications help to assure that VY’s Spent Fuel Pool provides adequate cooling for its nuclear material contents until these can be safely transferred to on-site dry cask storage. We supposed these changes.

NDCAP Subcommittee Meeting Expresses Concerns Over State’s Decommissioning Strategy

In an October 13 meeting of the Nuclear Decommissioning Citizens Advisory Panel (NDCAP) Issues Subcommittee (which identifies and prioritizes agenda items for upcoming meetings of the full NDCAP), several Panelists expressed concerns that the State does not currently have an

overall policy or strategy for addressing VY's decommissioning. The primary concern is that the State is addressing several issues in a piecemeal manner, but an overall strategy has not been set or is not known by State officials working on VY's decommissioning. The Subcommittee will request that the State provide a presentation on its overall decommissioning strategy at an upcoming NDCAP meeting (November or January).

Entergy Announces It Will Close the Pilgrim Nuclear Power Plant by June 2019

On October 13, VY's parent company, Entergy, announced that it will close its Pilgrim Nuclear Power Station (located in Plymouth, MA) on or before June 1, 2019, primarily due to the continued New England electric power market conditions that resulted in VY's closure. This announced closure date was set to meet Pilgrim's current power reliability commitments to ISO-NE.

Vermont Gas Systems Addison Natural Gas Pipeline Project Construction

No new ANGP pipeline was installed last week. 10.2 miles of "Segment One" has been installed and is contiguous with a few exceptions. Contract crews are continuing to drill one-third mile under the Colchester Sandplains; this will also require approximately 700 feet of addition pipeline (installed by open-trench) to connect with the pipeline already installed. Several short lengths of pipeline installed during 2014 are being addressed to correct deviations from depths required by the project specifications. The Department Gas Engineer has met with VGS representatives to indicate expectations for completion of multiple items prior to Segment One gas operations. The company has committed to submitting an itemized commissioning plan for the Department's review. The Department continued to utilize a contract Gas Pipeline Inspector for inspections of the project, during this report period.

Finance and Economics

Electric

Barton Electric: submitted a \$108 Petition on September 2, 2015 for authority to enter into a long-term note of up to \$200,000 to finance capital improvements. As part of an agreement with the United States Fish and Wildlife Service and the Vermont DEC, Barton agreed to install a fish passageway and monitoring equipment at its hydroelectric facility. They also submitted a \$108 Petition on September 17, 2015 for authority to secure long-term financing of up to \$900,000 that will be used to convert short-term borrowing incurred over the last ten months to long-term debt. Staff received and began a review on September 22. Recommendation is due October 19, 2015 but again before finalizing a recommendation we are waiting on the receipt of Barton's 2013 and 2014 financial statements. A status conference was held on October 7, 2015 in Docket 7719 regarding Barton's misuse of \$1,850,000 of Long-Term Tax-Exempt bond proceeds and its lack of internal controls. Barton has made slow progress in addressing the underlying internal control issues. At the status conference, Barton agreed to file a request to modify the original order approving the \$1,850,000 debt issue from a 20 year term to a 30 year term. The Board suggested it will be considering penalties. No request to modify the original order has been received

Finally, related to Barton, Staff met with VPPSA to discuss Barton's upcoming Rate Case and received preliminary spreadsheets. Barton is currently operating at a deficit and is using borrowed funds to cover normal operating expenses. The preliminary cost of service indicates a

rate increase in the low 20% range will be needed. Staff is continuing its review of the preliminary information.

Stowe Electric: Financing Petition (Pursuant to 30 V.S.A. §108(c)) for approval to issue up to \$3.5 Million of Clean Renewable Energy Bonds to finance the construction of a 1.0 MW solar electric generation facility located on Nebraska Valley Road in Stowe. The bonds will be issued through the U.S. Department of Treasury's Clean Renewable Energy Bonds ("CREBs") program which provides a 75% interest subsidy for bonds issued to construct qualified renewable generation facilities. A date for the Department's recommendation has not as yet been established.

Regional

Dispatch Requirements for Wholesale Energy Market

- ISO-NE gave a presentation at the NEPOOL Markets Committee regarding concerns that it has with the amount of non-dispatchable resources in the wholesale energy market. ISO-NE stated that it is not uncommon to have more than 50% of the resources operating be non-dispatchable and this interferes with price formation and efficient selection of resources to operate in the energy market.
- There is a total of 8,500 MW of resources that ISO-NE cannot dispatch, with 5,000 MW consisting of nuclear and some coal-fired units. Approximately 1500 MW are in the category of "do-not-exceed dispatch," or resources that are not dispatchable in the same way as a gas-fired resource but instead respond to ISO-NE signals to deliver no more than a certain amount of MWs at any given point in time. This DNE dispatch category is meant to address resources in transmission constrained areas.
- ISO-NE mentioned that its wind forecast has allowed wind projects to better participate in the wholesale markets and indicated that solar forecasts could allow these resources to participate (note that all solar in Vermont to date is considered to be behind-the-meter and does not actively participate in the wholesale markets).
- ISO-NE indicated that it will provide a proposal within the next few months for how to greater integrate all resources into the wholesale energy price formation process.

Capacity Market Retirement Reforms

- ISO-NE is proposing changes to how the retirement of resources from the Forward Capacity Market reflects the clearing price of the auction. The change is to prevent a resource owner from retiring an individual unit in order to increase the auction clearing price and benefit other resources that it owns.
- Under the proposal, the ISO-NE Market Monitor will estimate the price that a resource would need to prevent it from retiring and file that price with FERC. When ISO-NE conducts the capacity auction it will run the auction as if that resource was bidding the

proxy price determined by the Market Monitor. The owner of the retiring resource would have the following options for retirement:

- The owner can accept the proxy price, which would be used as the resource's bid in the capacity auction;
- The owner can decide not to participate in the auction and retire regardless of whether the proxy price would clear in the auction;
- The owner can participate in the auction and retire only if the proxy price does not clear in the auction

If the owner of the resource decides to retire, ISO-NE will analyze whether the owner's portfolio would receive a net benefit from that resource's retirement. If so, the assumption would be that the retirement is an attempt to game the auction. ISO-NE would then run the auction as if the resource was participating using the proxy price and use that process to determine the clearing price for the auction.

- The generation sector is strongly opposed to the ISO-NE proposal and is developing counter proposals. ISO-NE would likely file its final proposal in November.

Generator Information System Changes

- The NEPOOL Markets Committee recommended that NEPOOL adopt changes to the Generator Information System (which tracks renewable energy credits) that would create unit-specific certificates for generators outside New England. Only units that are renewable or nuclear will be tracked. The states had asked for the change to the GIS to allow tracking of large Canadian hydro and a NEPOOL participant had requested that the language be amended to also track the output of nuclear units in adjacent control areas.
- This change to the GIS partly addresses tracking of HydroQuebec imports for Vermont's Renewable Energy Standard. However, GIS tracks the output of individual generating stations, while the contracts between Vermont utilities and HydroQuebec are for system power and are not tied to specific generating stations.

VPPSA Forward Capacity Market Retirements

- VPPSA is withdrawing 8 hydroelectric stations, totaling just over 3 MW, from the Forward Capacity Market effective for the next Forward Capacity Auction (which covers the capacity commitment period 2019-2020). VPPSA's rationale is that by treating these units as load reducers (reducing VPPSA's energy and capacity obligations) rather than as generators will result in considerable savings.

Massachusetts Order re Gas Pipeline Infrastructure

- On October 2, the Massachusetts DPU issued an order determining that it has the authority to review and approve contracts for natural gas infrastructure funded by electric utilities. In order for such contracts to be approved, the electric utility must demonstrate that the proposed contract results in net benefits for its ratepayers and “compares favorably” with alternative, reasonably available options (such as gas storage or electric transmission). Further, the electric utility must demonstrate that it conducted a competitive and transparent procurement process. The resulting approval could provide pre-approval of cost recovery for the contract.
- The DPU Order also requires that the electric utility’s filing “include a description of efforts that the EDC [electric distribution company] has undertaken or will undertake to recover contract costs regionally.”

FERC Order on Self-Supply Exemption for NYISO

- Most, if not all, organized wholesale capacity markets have some form of buyer-side mitigation to prevent load serving entities from attempting to drive down capacity prices by bidding new resources into the market at prices lower than cost. In ISO-NE, this mechanism is called the Minimum Offer Price Rule, which allows the market monitor to review and adjust bids upward if the market monitor determines that the bid price was too low. Most of the electric utilities in New England are not allowed to own generation and therefore would not be bidding into the Forward Capacity Market; however, municipal and cooperative electric utilities in all states, and also Green Mountain Power, are still able to own and develop generation (termed self-supply). These utilities have argued that the Minimum Offer Price Rule limits their options for addressing capacity costs by creating significant uncertainty as to whether a generator it builds will be able to clear in the Forward Capacity Market. To date, ISO-NE and FERC have been opposed to a self-supply exemption to the Minimum Offer Price Rule.
- On October 9, FERC issued an order directing the New York Independent System Operator to provide exemptions for self-supply in its capacity market. The order was a result of a complaint filed under Section 206 of the Federal Power Act. The exemption would be narrowly tailored to prevent a utility from bidding in a resource with greater capacity than the utility has a need for. FERC did make some distinctions between the NYISO and ISO-NE capacity markets, and it is also notable that NYISO did not object to the concept of a self-supply exemption.
- Vermont utilities and public power utilities in other states have expressed a desire for a self-supply exemption (other state regulatory bodies generally don’t care about the self-supply exemption as they do not regulate municipal and cooperative electric utilities). NYISO must develop the self-supply exemption in greater detail, and the final version, approved by FERC, will not be available for several months. Staff will be discussing

options with the Vermont utilities and the public power sector at NEPOOL regarding possible next steps.

- The FERC Order also requires NYISO to develop an exemption from buyer-side mitigation for some limited amount of renewable resources. The rationale is that, given the high capital costs and low capacity value of wind and solar, no one would build such a resource only for the purpose of driving down capacity prices. However, FERC is requiring a cap on the amount of renewable resources that can use this exemption so that capacity prices are not driven too low. ISO-NE has a 200 MW annual cap on the amount of renewable resources exempted from the Minimum Offer Price Rule, and this cap was cited by FERC in the NYISO Order.

Consumer Liaison Group

- The Consumer Liaison Group is funded by ISO-NE and managed by a steering committee consisting primarily of consumer advocates and industry representatives. The group met on October 9 to discuss technical challenges of integrating renewables into the grid.
- A representative from ISO-NE discussed the increasing importance of the Forward Capacity Market given the increased amount of renewables on the New England system (renewable projects decrease wholesale energy prices, which puts upward pressure on capacity prices). A consultant from the Brattle Group discussed the German experience with integrating renewables. Finally, a representative of Green Mountain Power discussed the actions GMP was taking to increase renewables, including: the Vermont Weather Analytics Center providing approximately 85% accuracy for solar forecasting, GMP's interactive distributed generation map designed to help developers identify the ideal locations to place distributed generation, and the East Rutland 51 Circuit microgrid project.

Public Advocacy

Vermont AllSun Solar XII 500 kW group net metered facility in Charlotte – NMP 6314 Hearing
- A site visit was conducted October 8, 2015. It became apparent that areas of potential vegetative clearing were not included in the original petition and that the Petitioner has not obtained site control over areas where necessary landscape mitigation would remain or be installed. This lack of site control over necessary aesthetic mitigation areas is revealing itself as a recurring and potentially serious issue in many solar cases. The Project will be highly visible from a number of adjoining properties. The Department has engaged an aesthetics expert to provide testimony and recommendations. Counsel for the Petitioner has demonstrated a highly adversarial attitude throughout this proceeding, including at the site visit.

Winooski Hydroelectric Company for group net metering CPG for the Winooski 8 Hydroelectric facility in East Montpelier – Docket 8598 - On October 12, 2015 the Board issued a Section

248(j) notice regarding this application with comments due by November 6, 2015. The applicant wishes to get net metering treatment for 500 kW of an existing hydroelectric facility which is larger than 500 kW. This petition raises issues similar to those we raised in Brockway Mills, LLC application for a CPG to net meter an existing 485 kW hydroelectric facility in Rockingham, Vermont. Specifically, the Department believes that further process is required to resolve the question of whether allowing this existing facility to engage in net-metering, rather than other means of offering their output, will result in an economic benefit to the State and its residents. There is a concern that allowing net metering treatment for existing facilities may result in Vermont ratepayers paying higher electricity rates than under other programs available for existing small hydro facilities, and that allowing these facilities to net-meter is not consistent with the purpose of the net metering legislation.

GMPSolar – Williston, LLC 4.69 MW Net-Metered Solar Facility in Williston – Docket 8562 - By Order dated October 02, 2015, the Board concluded that the proposed project does not qualify for net metering under 30 V.S.A. § 219a(m)(3) and that the agreement between GMP and Global Foundries should, instead, be reviewed as a special contract under § 229. The Department engaged in an informal discussion with GMP on Friday October 9, 2015. On Monday October 12 GMP requested an extension from October 12 to October 19 to file testimony addressing the special contract; parties will have one week from that date to issue discovery.

Investigation into the Construction of a Meteorological Tower in Swanton, Vermont – Docket 8561 – The Department filed discovery on Travis Belisle’s testimony on October 12th. On October 10th, the hearing officer issued an order denying (without prejudice) the Langs’ motion to intervene, requiring that a new motion with additional supporting information may be filed no later than October 16th. The Department is considering filing a letter in response to the Hearing Officer’s order, responding to his contention that the Langs’ interests will be sufficiently represented by the Department, and possibly supporting a renewed motion filed by the Langs.

Barton Electric’s Use of Bond Proceeds – Docket 7719 – Barton will be requesting an amendment to the original order in this docket to obtain authorization for the issuance of 30-year bonds. (Barton’s request had been for approval of 20-year bonds.) The Board will likely open a new docket to proceed independently of the investigation proceeding. The investigation will address possible penalties for Barton’s misuse of funds.

Village of Barton Section 108 Petition – no docket – Barton filed a petition on September 1st pursuant to Section 108 to enter into a \$200,000 long-term note to finance capital improvements. The Department transmitted questions regarding that petition on September 9th and is reviewing Barton’s responses.

Village of Barton Section 108 Petition – no docket – Barton filed a second Section 108 petition on September 17th, requesting permission to issue long-term debt in the amount of \$900,000 to finance operating expenses. The request concerns debt incurred previously on a short-term basis (in two separate amounts) that Barton now wishes to convert to long-term debt. The Department received Barton’s responses to its questions on October 10th and is reviewing. Operating expenses are typically covered by current revenues rather than debt. Incurring long-term debt to pay past operating expenses is retroactive ratemaking which is not allowed, so Barton may not be

able to recover the cost of this financing in rates.

Lyndonville Electric Section 108 Petition – no docket - Just over a year ago LED filed a Section 108 petition for financing repairs at its Vail hydroelectric station. LED requested that the Board stay its review because LED was reconsidering the scope of the project and its cost. LED has done that and is now going to refile the petition and testimony with the new information.

GMPSolar Hartford – Docket 8580 – PSB issued a notice scheduling a site visit prior to the public hearing on October 19th. Additionally, the hearing officer issued a prehearing conference memo and scheduling order establishing dates for a contested track and for an uncontested track.

TDI New England Clean Power Link Project – Docket 8400 – The PSD (and a number of other organizations) reviewed and edited the petitioner’s PFD, which the petitioner has already revised. The PSD is reviewing the revised version and discussing areas of concern with the petitioner. The PSB issued a memo setting forth procedures for the October 20th and, if needed, October 21st technical hearings. Of note, the PSB shared its intent to question PSD witness Mr. McNamara and three of TDI’s witnesses. The PSD and TDI are coordinating a witness preparation call. Additionally, the PSD plans to file its 202(f) determination and the supplemental testimony of Mr. McNamara.

Investigation re: Renewable Energy Standard – Docket 8550 – The PSB is scheduled to hold workshops on October 22nd.

VY – No Docket – The Department of Taxes has advised the town of Vernon to add the VY property to the town’s grand list for purposes of assessing education property taxes for calendar year 2015, resulting in approximately \$ 2Million in additional tax revenue. The Department is reviewing the Docket 7862 settlement agreement to determine how the Tax Department position impacts the agreement’s provision of a \$5Million Entergy payment in lieu of property taxes that could be used to offset any additional tax in 2015.

VGS RNG Proposal – No Docket – VGS has had informal discussions with the Department over the past couple months about the structure of a proposed voluntary Renewable Natural Gas program. VGS provided a draft to the Department. Staff has made a cursory review and provided some initial feedback to VGS.

Customers will be offered options to purchase gas with levels of 10%, 25%, 50% and 100% RNG. Under this tariff the access charge and distribution charge remain unchanged and only the natural gas charge will be subject to a renewable natural gas ‘adder’. VGS plans to ‘balance’ RNG supply and demand via adjustments to its scheduled quarterly Purchase Gas Adjustor. VGS has yet to contract for RNG, but has been quoted RNG commodity pricing ranging from \$11/Mcf to \$25/Mcf, with traditional natural gas trading for less than \$3/Mcf. Despite the RNG price premium, market surveys conducted by VGS indicate substantial customer interest in purchasing the renewable gas.

GMP Rate Design – Docket No. 8525 – GMP filed its proposed new rate design on May 4 that focuses on integrating the legacy rates and tariffs of GMP and CVPS into a single set of rates and tariffs for the combined company. Department testimony is due October 21, 2015. The

Department will file testimony from policy and finance experts covering the number of different time of use rates, and a schedule for another rate design that addresses a path to dynamic prices. One issue that we are still working through is whether there is cause to oppose the 5-year phase in proposed by GMP in favor of a 3-year phase-in.

GMP Innovative Projects – No Docket – Per its alternative regulation plan, GMP offers Innovative services (e.g., heat pumps) and accounts for costs and revenues above the line. GMP is in the process of filing its first status reports on these programs. The drafts GMP provided to the Department are lacking in significant detail and so a meeting is scheduled next week to attempt to square expectations around the purpose, format and substance of such filings.

VEPPI Wheeling issue – Docket No. 8492 – On Oct 7, the Board cancelled a technical hearing in this proceeding (which pertains to wheeling charges a distribution utility may charge under the standard offer program). The Board indicated that it will not reschedule the technical hearing. As this case was settlement among all parties, this probably means that the Board is on track to approve the settlement.

VGS Base Rates filing – No Docket – The Department’s recommendation on VGS’s base rates filing is due October 16. VGS’s annual base rate adjustment proposes a rate reduction of \$2.5 million or 3%, effective on a bills rendered basis beginning November 1, 2015. The Department will support the agreed-upon resolution to this year’s proceeding, as well as the consultant’s report already filed.

Telecommunications

FairPoint Service Quality Investigation (Docket 8390) – DPS and FairPoint filed a joint proposal for decision to the Board on October 8, 2015. A group titled the Design Access Network, which was denied party status in the docket, filed comments with the Board that were critical of the MOU between DPS and FairPoint. DPS intends to file a response to Design Access Network's comments.

Comcast CPG Renewal (Docket 8301) – Telecom and CAPI division staff have completed 13 of the 14 planned community needs assessment meetings. The final meeting will take place at the DPS offices on Tuesday, October 20. DPS is also preparing discovery requests, which must be filed by October 28.

Verizon Waterbury 248a Application – Division staff attended a Stowe Selectboard meeting on Monday, October 13. The Selectboard discussed a 248a application from Verizon to construct a 90 foot tower on a parcel of land located in Waterbury adjacent to the boundary with Stowe. There has been considerable opposition to the application from local residents. DPS explained to the Selectboard that DPS will retain aesthetic and RF experts to review the project and submit reports to the Board. The Selectboard and members of the public requested that Verizon allow additional time for the Department to complete and submit its reports before making final decisions on whether to intervene. Verizon has indicated that it is amenable to pending its application to allow for additional time for parties to gather more information on the application.

Other § 248a Applications – The Department filed favorable recommendation letters with the Board in response to the following applications:

- AT&T application to construct a 120 tower in Brattleboro – DPS recommended that the Project be approved even though there was opposition from the Town.

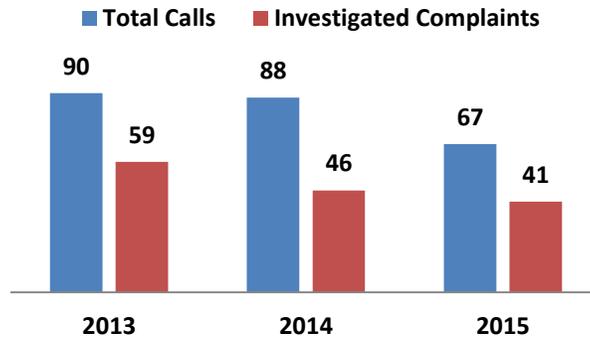
VIT Working Group – Staff met with Rep. Keenan and Barbara Grimes to provide an update on the VIT-successor conceptual proposal. Staff also participated on a conference call with CTEs and Agency of Ed staff to further discuss benefits and challenges related to deployment of VIT equipment to CTE sites. In response to CTE questions related to the provision of technical support for the videoconferencing system, staff has requested information from 3rd party vendors, Agency of Education, DII, and VIT, regarding scope of tech support required, interest and capability of providing tech support, and related costs. The need for additional information necessitated rescheduling the October 14 VIT working group meeting.

Staff is further analyzing recent use of VIT to better inform how the successor proposal can meet diverse videoconferencing needs of clients. Specifically, staff is reviewing the use of VIT during calendar year 2014, excluding use by Vermont State Colleges and its affiliates, to identify % use by type: public hearing, training/meeting, interview/deposition. Staff is also investigating with Vermont state librarian whether public libraries that received funding through the Vermont Fiber Connect project, Google, and the Gates Foundation, have the capability to accommodate multi-site public hearings via video conference (42 Vermont public libraries received funding to purchase videoconferencing equipment for public use, and Sovernet completed a fiber build out to support high speed internet to those entities/communities). The state librarian is providing staff with information on the following: which public libraries have a meeting room where mobile videoconferencing equipment can be utilized, hours of library operation, library-specific room and equipment use policies.

Consumer Contacts- Connectivity staff received a flood of emails following the Governor's op-ed on the success the state has had expanding broadband in Vermont and the work yet to be done in the effort to increase speeds to meet Vermonters' needs. Staff has fielded inquiries from fourteen consumers, mostly concentrated on concern of the lack of broadband access in various locations throughout the state. Staff continues to work with these individuals to address their concerns and to determine solutions to access issues.

CALL DATA

Calls to CAPI Same 7 days each year



Utility Summit- CAPI held our annual Utility Summit this week. Representatives from eleven utilities, four Community Action Agencies and Efficiency Vermont attended. There was a good mix of staff we know well and people who have never attended a CAPI meeting or training. Andy Perchlik gave a presentation on net metering, the Agency of Human Services talked about funding and CAPI facilitated discussions on the Public Service Board Rules. Feedback from those who attended has been positive

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: October 16, 2015

Secretary's Message

This week, I have the opportunity to meet with the Vermont Association of Addiction Treatment Providers. I heard their ideas and concerns regarding our substance abuse treatment system at AHS. The meeting hosted various providers from the Brattleboro retreat, short-term detox residential centers, and individual treatment providers. Providers shared the same concerns about the waitlists around the state for treatment. Everyone agrees that when someone wants treatment, it is important to respond to that desire as quickly as possible. As you can imagine, addicts are ambivalent about getting into treatment, and it's important to respond quickly. Additionally, some providers feel that some substance abuse treatments need more than a week or two in residential treatment in order to be successful. They highlighted that sometimes they see the same person two – three times a year. Another area where they feel there is a need for more resources is in transitioning clients down from residential treatment into the community. They suggested that they need more three-quarter and half-way houses to help transition recovery addicts into the community. They also discussed the importance of stronger collaboration between ADAP and DMH, as many addicts have underlying mental health issues. Lastly, they expressed concerns about the licensing process that substance abuse practitioners have to go through. Unlike other professional licensers in the state, their licensing does not go through the office of professional regulation for licensing, but rather, through a special certification board, the Alcohol and Drug Abuse Counselor Licensing (LADC). LADC puts up many barriers for licensure, which impacts the number of treatment providers out in the community. On the other hand, the certification that the LADC gives out is nationally recognized and transferable nationally.

We continue to work with Finance and Management to develop the FY16 BAA and FY17 budget. FY17 budget meetings with Finance and Management begin next week for AHS. In reviewing initial budgets with my commissioners, I'm very concerned about the cuts that will be necessary in order to balance the budget. There doesn't seem to be very many good options, so we will continue to work toward identifying areas for cuts.

As part of my presentation at the Governor's retreat, I put forward a number of workforce development recommendations, one of which is a proposal for a program in which Reach Up, the Department of Human Resources and AHS Central Office, will work collaboratively to place Reach Up participants as temporary workers in state employment for up to six months with the training and supports that will help them be effective employees and that may help them move into full time employment. The hope is that the Reach Up program will become an employment service to help fill the needs of state government and move people off of public assistance.

AHS Highlights:

AHS-CO:

Field Services – Burlington – 100,000 Homes Campaign for Families

A group from the local Continuum of Care is meeting today to finalize a plan for the Family Homelessness Survey to take place this week on Thursday, Friday and Saturday. We are utilizing the Family version of the VI-SPDAT 100,000 Homes tool and have trained 20+ volunteers who will meet with families in the shelter, motels, outdoors and ESD office, as well as over the phone through VT211. We are hopeful we will be able to do the same thing for families as we did for individuals last October through this process. To date, we have permanently housed 40 of the 200+ individuals identified a year ago as most vulnerable, chronically homeless.

Field Services – Burlington – Warming Shelter to Open

The cold weather shelter is on target to open on November 2, 2015 with 40 beds. They are still lining up staff and have a need for metal bunk beds.

VDH:

30,000 Vermonters Receive Substance Abuse Screening Using SBIRT

The Screening Brief Intervention and Referral to Treatment (SBIRT) project is now in its third year. To date, nine medical settings across Vermont successfully used SBIRT as the medical and behavioral health integration model with the outcome of 30,000 Vermonters receiving screening for risk of either substance misuse and/or mood disorder; when warranted the patients also immediately received interventions, treatment or referral to specialty care.

AHS Substance Abuse Treatment Coordination (SATC) Workgroup Convenes Implementation Group in St. Johnsbury

A component of the AHS strategic plan is increasing access to substance abuse prevention/treatment/recovery supports. The SATC workgroup has developed a plan to increase screening and coordination of services for AHS clients. Following an AHS Central Office development process, the first local District began its work this week. The Field Director in St. Johnsbury convened a group of AHS Department managers, along with substance abuse services managers to develop a process to improve coordination of local services. The group will use more streamlined and integrated processes and tools to improve access to services and outcomes. All local partners were represented at the first meeting.

DMH:

Vermont Psychiatric Care Hospital

VPCH census is 21 this week. The hospital re-opened all units last week as planned and continues to discharge and admit patients as indicated. The new traveling nurse contracts have helped stabilize nurses across shifts as active recruitment continues. As a result of the two recent nursing job fairs, 3 nurses have accepted permanent positions and 4 other permanent nurses are close to accepting nurse positions. VPCH still plans to secure external nurse management consultation expertise to determine if other options or models for patient care might be equally effective at VPCH. DMH continues contract negotiations with UVMC for physician services at VPCH and may see additional contract expenses if unable to negotiate some reduction in either physician time or services provided by the UVMC physicians. Currently, neither option is acceptable to either DMH or UVMC.

Emergency Departments

During the week of October 8th through October 15th there were 22 people in need of inpatient psychiatric beds of which 19 were admitted. One additional admission is expected today. With more beds opening up at VPCH, the movement of individuals waiting has been more efficient than recent weeks. There continue to be periodic challenges with complex individual cases and timely movement for either admission or disposition to a lower level of care from Emergency Departments. DMH and other Department representatives within AHS are working diligently to create plans as quickly as possible to move individuals to these other levels of care as indicated.

DAIL:

DAIL Developmental Services (DS) Budget and Individuals in Hospitals

The DS budget operates within a plan that divides anticipated expenditures into twelve months in order to enable us to stay on budget and to track expenditures. There is often flex between months but it allows us to have a sense of trends. In October, there were three individuals presented, currently in hospitals, which will require budgets significantly higher than our average costs. A fourth individual is on the horizon for next month. Although it is crucial that we partner with hospitals to move individuals to the appropriate level of care, the impact of these complex individuals on our budget and trending is significant.

APS and the Chittenden County States Attorney and Attorney General's Office

The recent death of an elderly woman in a hospital has generated attention from the both the Chittenden County State's Attorney and from the Attorney General's office. The Chittenden County SA appears to have opened an investigation into the work done by APS in relation to this individual situation. They solicited records from staff without clearly indicating the reason for the request and have involved the Attorney General in questions to staff about standard practice and protocol. We are working to create a single point of entry for questions and sharing of information through our general counsel. The media has also begun to question the situation so we anticipate that it will become a larger issue.

DOC:

134th Correctional Academy

45 recruits started at the Academy on Monday, October 12th. They will complete a five week training before taking their positions at correctional facilities across the state.

Population

The Department's incarcerated population averaged 1794 for the previous week. The Department's incarcerated male population averaged 1648 for the previous week. The out of state population is currently at 270. The female population averaged 146 for the previous week.

DCF:

Vermont Convenes Strengthening Families Framework State Leadership Team

This Framework was established by the Center for the Study of Social Policy (CSSP) as a primary approach to developing policy and improving practice with a family centered focus in Vermont. The Strengthening Families Framework (SFF)™ is an evidence-informed, strength-based approach to increase family strengths, enhance child development and reduce the likelihood of child abuse and neglect.

The outcome of last Wednesday’s meeting was to take implementation of the SFF in Vermont to the next level. The team will now finalize and submit a Vermont State Profile for the CSSP website and formally join 40 other states as part of a national learning community supported by the CSSP. This outcome was identified as a goal in the Governor’s Early Childhood Action Plan and supported, in part, with resources from Vermont’s Early Learning Challenge Grant. More about the SFF can be found at: <http://www.cssp.org/reform/strengtheningfamilies/about>.

DVHA:

Vermont Health Connect Operations Update:

VHC Operations continues to work its inventory and the chart below reflects the priorities. For the next two day, VHC is focusing on Change of Circumstance (CoC) inventory and terminations to ensure as many cases as possible are completed prior to the passive file generation. A Qualified Health Plan CoC blackout will occur on Sunday, 10/18 and will remove the self-service link from the portal, until the passive file has been sent to the carriers. During this time, staff will focus on verifications, applications and processing manual renewals for households that cannot be included in the passive file.

Work Buckets	Staff assigned today	Backlog	Completed yesterday
Phone Support SRs	5	28	2
CoC Inventory	5	772*	67
CoC Backlog	7	70*	34
Applications	0	540	57
Verifications	4	1066	113
Terminations	6	722	72

- 67 cases remain in the pre-9/1 stuck case category. Approximately 30 cases are waiting on customers for additional information. VHC expects that cases will be closed out by Thursday, with the exception of those who need to provide more information.
- The State Auditor’s Office requested detail this week on CoCs numbers, underlying data, and whether VHC is in compliance with promised service levels. Data and written answers to questions were provided to the Auditor’s Office on Tuesday. The service level CoC report is currently being developed and will be provided to the Auditor’s Office on 11/5. It will be shared with leadership by 10/20.
- VHC successfully completed the Open Enrollment Readiness Review with CMS on Tuesday and are awaiting written feedback from them. The meeting was positive and they seem pleased with our progress.

Agency of Human Services Secretary's Office

Field Services Bennington and Brattleboro - GA emergency housing planning

Staff are working on alternatives for GA emergency housing in both the Bennington and Brattleboro districts. The Bennington group is just getting started, and had a beginning conversation with the Office of Economic Opportunity. They will be focusing on expansion of the warming shelter and access to apartments for people fleeing domestic violence. The group is strategizing how to meet the needs of individuals who accessed GA emergency funding in the district. In Brattleboro, the group is exploring some apartments on the former Austine Campus for a rapid re-housing model, in addition to enhanced supportive services.

Field Services – Bennington - Creative Workforce Solutions (CWS) and GCPED honor Bennington County representative and employer

At a luncheon on October 9, the Bennington district CWS team and the statewide GCPED honored Representative Bill Botzow for his legislative work on behalf of Vermonters with disabilities in the workforce. They also honored local employer Label Shopper for their efforts to employ Vermonters with disabilities. The luncheon was well attended, including many members of the Bennington County legislative delegation.

The Social Contract Working Group

A non-profit group led by Common Good Vermont are working together with the goal of creating a more effective and efficient structure to provide human services to Vermonters. This group was the result of discussions between Common Good Vermont, the Governor's Office and the AHS Secretary's Office last winter. The first meeting was held this week.

Update on Repatriation Program

AHS is in the final preparations for the eventual return of a repatriate from Turkey.

Vermont Department of Health (VDH)

Child Safety Collaborative

Vermont is one of eighteen states accepted into the Child Safety Collaborative Innovation and Improvement Network (CS-CoIIN) that is designed to use quality improvement techniques to integrate evidenced based child safety practices into relevant care settings. VDH has chosen to concentrate on the issues of data and surveillance, communication of safety messages to the public, and use of a child injury prevention curriculum in home visiting.

Department of Mental Health (DMH)

ICAR

DMH presented Proposed Rules for Emergency Involuntary Procedures to ICAR this week. The proposed rules will appear in newspapers on 10/29. DMH hopes to bring the proposed rules forward at either the November or December scheduled LCAR meetings.

Department of Disabilities, Aging and Independent Living (DAIL)

DA Audit Recommendation Review

The State Auditor's Office is conducting a recommendations follow-up related to the report issued to DAIL on October 14, 2014 entitled Designated Agencies: State Oversight of Services Could Be

Improved, But Duplicate Payments Not Widespread. The DAIL team for follow up with the State Auditor has been identified and the State Auditor's Office has agreed to delay the follow up until the end of November to enable our new Developmental Services Director, Roy Gerstenberger, to begin in his position and be a part of the team.

Traumatic Brain Injury Conference Staff Award

At the 27th annual Brain Injury Conference on October 13, 2015, hosted by the Brain Injury Association of Vermont at the UVM Davis Center, DAIL's TBI Program Director, Andre Courcelle, received the 'professional of the year' award. This award recognized Andre's commitment to the people we serve and his ability to manage the TBI program effectively, including a renewed focus on effective rehabilitation and transition. It is significant to note the Andre is a "one man show"; the single staff person dedicated to Vermont's TBI program. As that program grows and addresses more complex issues, it will difficult for a single staff person to sustain.

Social Security Disability Benefits (SSDI) Joint Fiscal Report on Prevalence of SSDI

The DAIL Management Team is meeting with Joyce Manchester from the Joint Fiscal Office to discuss her recent report related to the high prevalence of young people in Vermont on SSDI. We have scheduled time with her on October 21st to hear her analysis and to discuss our thoughts about the reasons for the rates and any necessary or possible responses to the issue.

Association for Community Living (ACL) Site Visit

DAIL staff is preparing for an all day, virtual site visit with ACL staff related to our work on the Older Americans Act. With some recent consolidation and changes to our staffing focused on that work, we are confident that we will be able to address some gaps and re-energize our work around seniors in a way that will meet ACL's expectations.

Department of Corrections (DOC)

Intel Efforts Net Contraband before It Can Enter NECC

Through phone call monitoring and mail review, an intelligence officer at the NECC discovered a plan to introduce contraband to the facility. The information was passed to the Work Crew Foreman. As a result, the following contraband was found Monday morning 10/12/15 at the Green Mountain Cemetery in Montpelier:

- 2] 6 ounces bags of tobacco opened with saran wrap.
- 1] 5 ounce bag of tobacco opened with saran wrap.
- 1] 6 ounce bag of tobacco not opened
- 1] .65 ounce pouch of bugler opened with 11 filtered cigarettes and one strip of Buprenorphine inside.
- 1] .4 ounce of tops tobacco.
- 6] slugs combined weight 156 grams or 5.5 ounces
- 9] packages of rolling papers and 6 packages of matches.

Inmate Hathaway

For the last several months, Inmate Matthew Hathaway has been involved in five different incidents involving contact made between the victim of his crime either directly or via a third party. Hathaway's contact ranges from intimidation, threatening and demoralization of the victim. The facility has responded to these criminal acts by issuing disciplinary reports and collaborating with the Rutland

Sheriff's department, Victims advocate, and Deputy States Attorney, Ian Sullivan to issue citations based on the evidence we provided. Despite staff efforts to prevent these acts from continuing through disciplinary and restrictive actions, I/Hathaway has continued to find new ways to contact this victim. Effective 10/13/15, I/Hathaway's phone and JPay accounts have been shut off indefinitely pending further review. The investigation of the latter incidents is still under investigation at this time and possibly pending further charges (up to 120.) Furthermore, he has conspired with several other Inmates and his new girlfriend to contact his victim all of whom will be getting charges in the near future.

High Risk Sex Offender Law Enforcement Notification

Charles Macomber (DOB 1/27/1979). Macomber will be released on furlough status on 11/2/2015, and will be supervised by CSS Merrill out of the Springfield office. Macomber's case was staffed at the central level on 8/26/15 for approval for release, and later on 10/7/15 to determine the level of community notification. Macomber will be residing at a CJC house (Crossroads Manor) located at 89 South Main St, Route 103, Chester, VT. The house will be staffed with CJC employees/volunteers and Macomber will be engaged in a COSA upon release. Macomber also has supports in the Chester area from a local church. Macomber will be released compliant with treatment as he completed the high intensity program in the facility. Macomber will need to engage in treatment in the community to remain compliant. CSS Merrill is setting up a meeting with local PD to discuss the release as Macomber is not from the area.

Department for Children and Families (DCF)

Vermont Convenes Strengthening Families Framework State Leadership Team

On October 7th, the AHS Integrating Family Services (IFS) Senior Leadership Team in collaboration with the DCF Child Development Division convened a State Leadership Team to advance adoption of the Strengthening Families Framework. This Framework was established by the Center for the Study of Social Policy (CSSP) as a primary approach to developing policy and improving practice with a family centered focus in Vermont. The Strengthening Families Framework (SFF) TM is an evidence-informed, strength-based approach to increase family strengths, enhance child development and reduce the likelihood of child abuse and neglect.

The SFF State Leadership Team includes senior staff from all major departments of AHS and AOE; as well as staff from community partners and private funders focused on Vermont children and families. The purpose of the State Leadership Team is to: set and hold a vision for implementing the SFF in Vermont; sustain collaborative support in applying the SFF to policy and practice across sectors; advance knowledge and capacity for implementation of strategies and practice that build protective factors in families; communicate effectively about the SFF and Vermont's SFF activities; and maintain accountability to ensure SFF strategies are making a difference. The team will meet quarterly.

The outcome of last Wednesday's meeting was to take implementation of the SFF in Vermont to the next level. The team will now finalize and submit a Vermont State Profile for the CSSP website and formally join 40 other states as part of a national learning community supported by the CSSP. This outcome was identified as a goal in the Governor's Early Childhood Action Plan and supported, in part, with resources from Vermont's Early Learning Challenge Grant. More about the SFF can be found at: <http://www.cssp.org/reform/strengtheningfamilies/about>.

Casey Family Programs Worker Safety Conference

Commissioner Schatz attended a worker safety conference hosted by Casey Family Programs in New York City 10/13. Eight states were represented all from the Northeast. All states expressed the challenges they are facing among their social work staff with threats, assaults, and client opiate abuse. Several ideas were discussed and are being reviewed and considered by DCF internally.

Harbor Place Zoning Issue

The town of Shelburne has asserted that the Harbor Place transitional housing development, run by Champlain Housing Trust (CHT), has violated their zoning permit. The assertion is being contested by CHT. The Department for Children and Families has asked the Assistant Attorney General staff to review this situation.

Update: Threats to DCF

Since the shooting of Lara Sobel, the Department for Children and Families instituted an internal tracking protocol for threats filed by staff. As of 10/9/15, there have been 85 total threats filed across all DCF divisions; of these, 73 were filed by the Family Services Division. It is clear that a significant level of threat continues for our staff.

Department of Vermont Health Access (DVHA)

Blueprint for Health

Progress towards the launch of the Blueprint Clinical Registry (formerly DocSite) continues, as CMMI has approved spending for the perpetual licensing of the source code and the contract for development and ongoing maintenance of the registry by Capital Health Associates and it is currently routing through the state approval process. When all contracts are signed, the Blueprint team will move quickly to get the Registry user-ready and live.

Vermont Health Connect Project Update:

User Validation Testing (UVT) for Medicaid cases and Benaissance billing resulted in defects which needed to be fixed. The fixes for both were implemented on last Wednesday (10/7); Medicaid files are being sent on time and have been validated by the SoV. No new defects have been reported.

Additional post-deployment validation was performed with MVP; targeted for completion last Tuesday to address items that had failed specifically with MVP but had passed with other carriers. An Emergency Break Fix (EBF) was delivered to Optum Design Development & Implementation last Friday and the Stage (Testing) environment was updated to include the EBF code on Sunday. This EBF contains prioritized defect fixes which were found during Release 2 testing. Optum will then need to integrate the code into the Development & Stage (test) environments and complete System Integration Testing (SIT) & User Acceptance Testing (UAT) prior to releasing the code to production. Additional post-deployment validation will be performed with Delta Dental at that time. The EBF is scheduled to go into production on 10/18 prior to renewals batch processing and the passive renewals file delivery to Carriers at the end of October.

The SoV is working closely with Exeter and Optum to clean up data issues within the system which may impact the passive renewal file. Four scripts have been developed, tested, and run in production to clean up the impacted cases. This resulted in 92% of impacted cases that have been corrected. Four additional scripts will be tested and run this week.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Friday, October 16, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Brattleboro IM 091-1(65)

The Traffic Congestion Strategy for Exit 3 was not implemented on Sunday, October 11, 2015 but instead was moved to Monday, October 12. Traffic delays were noted Sunday afternoon. The next targeted date for implementation is Sunday, October 18, 2015. The third Segment is being formed on Pier 1 and is scheduled for casting on October 14. There are 54 segments to be cast to complete bridge. Work continues on Pier Table 2, Lift 6B with the next pour scheduled for October 19, 2015.

The Project Schedule has slipped 81 calendar days on Substantial Completion and 75 calendar days on Final Completion since the New Baseline Schedule submitted in February 27, 2015. There is an onsite meeting November 12, 2015 with Luis Ventoza, PCL Chief Operating Officer, Deputy Secretary Tetreault and me, where the contractor is going to present a revised schedule to the VTrans team. This should reflect actual production rates achieved for the first few segments. The schedule will likely show further delays to the completion of the project which will likely push completion into 2017. Obviously this is not the outcome we were hoping for and while we will express our significant dissatisfaction with their ability to deliver this project on time, my main concern going forward is ensuring that the product we get is one of quality that will serve Vermonters well into the future. I will file a thorough report after the PCL meeting.

VTrans Solar Planning

The CPG for the Fair Haven Project has been submitted to the PSB on behalf of VTrans by All Earth Renewables (AER). This solar array will generate approximately 150 kw annually and we anticipate we will be able to begin construction next spring. VTrans has also completed an initial GIS analysis of potential 2-acre sites within the interstate ROW for solar installations. A meeting has been scheduled later this month with the Highway Division and others to identify transportation and other constraints, including scenic view sheds that would preclude solar use.

Montpelier Mutli Modal Center and Bikepath

I met with Mayor Hollar and City Manager Bill Fraser to discuss the ROW acquisitions of three parcels the City needs to construct the bike path. The Mayor was concerned about the length of time it was taking for the appraisal process and we explained that they hired an appraiser without previous experience in appraising ROW eminent domain acquisitions of commercial properties which is a specialty within the appraisal business. We have been working diligently with their appraiser but he is taking longer than expected to complete his work. We anticipate signing off on their documents, required by FHWA, by the end of November or early December. The mayor left satisfied that he understood what was causing the delays.

NOTES FOR STAFF

Stormwater Legislation

I met with VTrans staff and DEC Commissioner Schuren and staff on 10/14 to discuss the Williston Stormwater complaint and strategize regarding the development of Stormwater utility legislation in coordination with DEC. Legal and program staff have begun drafting legislation that will: align the regulatory framework for MS4 communities and their requirements with the State and its requirements for stormwater mitigation under the TMDL, incentivize municipalities to create stormwater utilities, and provide greater certainty and consistency to developers on credits they would receive for developing stormwater infrastructure for their projects. While this legislation is being drafted, I continue to work with the Town of Williston on settling their legal complaint against the SOV.

Champlain Parkway

VTrans staff are developing information for a discussion with FHWA on including rail crossing improvements that were developed as the result of diagnostic studies. We are hopeful that FHWA will include these improvements in the project and thus limit state exposure to these elements.

Federal Legislation

Congress is in recess until October 19. The expiration of the transportation reauthorization on October 29, the need to extend beyond December 31 the positive train control mandate on railroads, and the need to extend the nation's debt ceiling by November 2 all appear to be stalled before a Congress where no one wants to be Speaker. We are working closely with the Congressional delegation on the transportation items but they have no insight as to whether Congress will meet these deadlines.

Transportation Climate Initiative

The TCI policy committee met via conference call on October 8. The group agreed to release the now peer reviewed Georgetown/Cambridge Systematics report that analyzes the benefits of a regional transportation sector GHG emissions goal and

possible policies options to get there. The group, led by VT, NY and CT will now work with other interested states in the region to further refine the policy options which include a regional market-based carbon program.

Ministry of Transport Quebec-VTrans Cooperation

- VTrans staff briefed MTQ on the current status of the Derby Line/I-91 port redesign and assured them that they will be kept in the loop. The GSA project manager understands the importance of matching up lane change and infrastructure needs with the A-55 approach and the potential to tie-in to MTQ's advance warning systems for travelers approaching the port.
- An update on the status of the East Richford-Sutton bridge project, prepared by Danny Landry in the Highway Division for presentation by FHWA Administrator Greg Nadeau at the CanAm BTA meeting in Washington, DC, was sent to FHWA last week.

Highgate Springs Port of Entry and A-35 Study

A new scope of work to move forward with the Phase II POE impacts study, including the full build out of A-35, is completed. VTrans staff received word from the GSA regional office that they have programmed a feasibility study in FFY2016 to look at possible needs for expansion/improvements to the port facilities based on Phase I work. They will be looking to our Phase II work to assist in fine-tuning their plans to accommodate the anticipated increases in traffic.

Northwestern Medical Center, VT36 (Fairfield St), St Albans

An Act 250 application has not been submitted yet, but may be soon. May need to assess Act 145 fee for the VT 104-SASH Intersection (roundabout) and US 7-Saint Albans State Highway (Federal Street Connector). Staff will give the applicant a heads-up that Act 145 may apply in this case; the application will be reviewed and a fee recommendation developed, if applicable.

Public Transit Management Reviews

The final close out letter was sent to RCT (Rural Community Transit in the NEK) documenting the funds they need to repay to be held in escrow to be applied to the federal portion of their next vehicle purchase. This finding may be contested by RCT.

Amtrak Derailment

The scene in Northfield is mostly cleaned up. The locomotive has been removed from the site. It was taken from the site by heavy duty remote dollies and brought into Northfield where it was loaded on a flatbed rail car and then pulled to Montpelier Junction where it will be prepared for long haul transport back to Amtrak repair facility. The damaged locomotive and coaches will be pulled to Amtrak's yard where all equipment will be inspected and undergo full rehabilitation before they are put back into service. VTrans GIS staff prepared a graphic representation of last Monday's Amtrak crash in Northfield, using 3-D Lidar map layers from November of 2011, (post Irene), and imagery from a UAV flight over the crash site of the damaged locomotive

and passenger cars. This could be of great value to the FRA in its investigation of the crash.

Northeast Kingdom International Airport

Runway extension is now complete along with the apron extension which was paved on Monday. A ribbon cutting will be held with VTrans Policy and Planning Director Boomhower and local officials; I cannot attend as I will be in Brattleboro meeting with PCL on the I-91 bridge.

Putney CMG PARK(26) Update

The sub-contractor started installing the new ROW Fence and signs on the project. The proposed power pole relocation by National Grid is still scheduled for the end of the month and the project is still on course to open in the mid-November time frame.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: October 16, 2015

Secretary's Top Issues

Poultry quarantine for infectious laryngotracheitis

Animal Health Section placed a quarantine on a poultry premises positive for infectious laryngotracheitis. This is highly contagious reportable disease that once is in a flock, is there to stay. Poultry exhibit respiratory signs, so important to rule out avian influenza. The quarantine will remain in place for the lifetime of the birds unless the owner elects to cull and restock. It is a small flock of about 30 birds the exhibited increased mortality and respiratory signs – a dead bird was submitted to the UNH Veterinary Diagnostic Lab where the positive diagnosis for ILT was determined. Animal Health field staff inventoried and banded all of the birds.

Creation of English Proficiency Plan for compliance with DOJ and USDA

The Meat Inspection team is working on creating a Limited English Proficiency plan for the Agency to meet compliance with the Department of Justice and the USDA for addressing discrimination and equal access.

Water surveys in Franklin and Orleans counties

Staff are conducting water quality surveys of farms in Franklin and Orleans Counties as part of the North Lake Farm Survey Initiative. Approximately 400 farms have been identified in the survey area and surveys are being conducted by several ARM Division staff members. Over 195 farms have been fully surveyed to date, data summary is ongoing and summary materials are being developed for presentations.

Avian Influenza presentation to GEPAC

Kristin Haas, State Veterinarian, presented an update of the Agency's Avian Influenza preparedness efforts at the Governor's Emergency Preparedness Advisory Council meeting this week. Much progress has been made since the last informational session at the GEPAC meeting.

Support to federally inspected slaughter facility

State Veterinarian, Kristin Haas, provided support this week to a federally inspected slaughter facility that has had operations suspended by USDA-FSIS. Multiple out of state producers had their livestock at the plant and desired to pick them up and seek other options for slaughter. In order for livestock to be removed from a slaughter plant, permission must be granted by the state veterinarian. In this instance, coordination with other Northeast state veterinarians was required since the animals originated from, and were to return to, other states.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: October 15, 2015

Status of Governor's Priorities:

Marketing & Communications

- The Communications Team held an informational conference call with the PIOs from Health, VTrans, Emergency Management, ANR/F&W, and the Gov's office to review the draft communications plan for Highly Pathogenic Avian Influenza response. Participants were provided background on HPAI, how it could impact VT, and what measures VAAFMM will take if/when it arrives in VT. They were also provided with templates and draft talking points/press releases for feedback and comment (due 10.20.15)
- The Agency held a meeting to streamline the FOIA response process.
- State Veterinarian drafted a press release pertaining to the roll out of the educational materials for humane cattle and calf transport created by the Livestock Care Standards Advisory Council. The website version of these bilingual materials can be viewed at http://agriculture.vermont.gov/animal_health/animal_welfare/Cattle-Calf-Transport-Recommendations
- State Veterinarian, Kristin Haas, provided information to WDEV listeners regarding Avian Influenza preparedness this week.
- The Agency sent out a press release to announce the transfer of the Mobile Quick Freeze Unit to the Hannaford Career Center.
- The Agency built a new web page, called "Visitors the Agency," on our main web page to clarify parking, building access, and hours for visitors. http://agriculture.vermont.gov/about_us/visitor_info

The hope is that this page can be shared with guests prior to arrival to help alleviate some of the building access issues that have arisen since we began locking this building during business hours. The parking info will also be useful to guests, particularly when the legislature is in session.

Media

- Melody Bodette/VPR interviewed Diane Bothfeld regarding solar installations on farm land.
- Hannah Palmer Eagan/Seven Days interviewed Diane Bothfeld about the ways in which robotic milking machines could change the VT dairy industry.
- Bruce Edwards/Rutland Herald interviewed Secretary Ross about dairy potential opportunities in Cuba

Public Records Requests

The Agency is currently compiling records related to the selection of a tech vendor for the newly launched Grants Management system. A vendor, who was not selected, has requested :

- scoring criteria
- score sheets
- minutes from an internal meeting to discuss the two finalists
- the final contract

The request was routed to us through BGS. Our attorney is reviewing the documents and we anticipate forwarding them within the 3 day window.

Communications Director, Alison Kosakowski, was named a 2015 Vermont Business Magazine Rising Star! Yay!

Significant Events/Meetings:

- Kristin Haas, State Veterinarian, presented an update of the Agency's Avian Influenza preparedness efforts at the Governor's Emergency Preparedness Advisory Council meeting this week. Much progress has been made since the last informational session at the GEPAC meeting.
- Kristin Haas, State Veterinarian, provided information on vehicle disinfection, movement permitting, and general biosecurity relating to Avian Influenza on an Ag Partners conference call this week. The call was heavily attended by the dairy and feed industries as their businesses are likely to be disrupted in the event of an Avian Influenza outbreak.
- State Veterinarian, Kristin Haas, participated in a conference call hosted by the VAAFM communications employee to present and refine the VAAFM Avian Influenza communications plan. Input is being sought from the ANR, VTRANS, and VDOH PIOs, as well as from the Governor's office, in order to finalize the Plan.
- Animal Health Section submitted justification and extension paperwork to extend the Swine Enteric Corona Disease cooperative agreement with USDA for one more year. No additional funding, just more time to utilize funds. Work on the CA has been superseded by avian influenza preparedness efforts.
- Animal Health field staff attended the Livestock Correlation and Market Report training held at New Holland Sales Stable and Penn State University. It was a great program and with the majority of time spent hands on with animals. On Wednesday we were able to spend time at Penn States meat lab seeing how live animal are graded and comparing with grades once animals were slaughtered. Made some good contacts and was able to spend some time chatting with Director Michael Lynch. There was a big contingent from NYS as they are starting a grading program. Mondays at New Holland has to be one of the great wonders of the world. It was interesting to see the tagging that is done on the various livestock there: market hogs have tattoos and all of the sheep and goats have Scrapie tags. A slow day on Monday: they sold 1400 sheep and 1400 goats! Cattle were a different story as I did not see any new NUES tagged applied by the auction. Most of the cattle were for slaughter or feeding and were from out of state and did not have official ID but were all double back tagged instead.
- Animal Health Section placed a quarantine on a poultry premises positive for infectious laryngotracheitis. This is highly contagious reportable disease that once is in a flock, is there to stay. Poultry exhibit respiratory signs, so important to rule out avian influenza. The quarantine will remain in place for the lifetime of the birds unless the owner elects to cull and restock. It is a small flock of about 30 birds the exhibited increased mortality and respiratory signs – a dead bird was submitted to the UNH Veterinary Diagnostic Lab where the positive diagnosis for ILT was determined. Animal Health field staff inventoried and banded all of the birds.

Evolving Issues:

- Fit testing for the remaining 32 VAAFM employees was completed this week in anticipation of a response to Avian Influenza. These employees will serve as the "boots on the ground" response teams in the event of an outbreak.
- Kristin Haas, State Veterinarian, participated this week in a New England regional conference call with counterparts in other states and USDA colleagues to refine the structure of an Area Command, which would be necessary if an Avian Influenza outbreak involved multiple states.

- State Veterinarian, Kristin Haas, provided support this week to a federally inspected slaughter facility that has had operations suspended by USDA-FSIS. Multiple out of state producers had their livestock at the plant and desired to pick them up and seek other options for slaughter. In order for livestock to be removed from a slaughter plant, permission must be granted by the state veterinarian. In this instance, coordination with other Northeast state veterinarians was required since the animals originated from, and were to return to, other states.
- Animal Health Section received the return receipt notice for a recent NOV mailing. Cervid producer has until October 19th to request a hearing.
- Animal Health Officers inspected the fence at the new Vermont Heritage Elk facility in Fairfax and observed the offloading of 27 head of elk that were purchased from another Vermont cervid producer. Staff monitored the on-loading and confirmed the official identification of the elk on the other end of the movement.
- Assistant State Veterinarian participated in two Food Safety Modernization Act (FSMA) related meetings – a smaller meeting with the Secretary and the Produce Safety Team regarding upcoming meetings, public outreach plans, and the legislative agenda – and the larger internal group meeting. Issues covered included an update of the targeted stakeholder outreach meeting held last month, infrastructure needs for produce growers to meet FSMA, Agency staffing needs to provide inspections for growers to meet FSMA (we currently have no resources), and the VT hosted NE-wide FDA final rules roll out meeting to be held in December in Brattleboro.
- Assistant State Veterinarian is continuing the avian influenza preparedness efforts by updating the supplies list, answer email and phone inquiries, providing information to producers, updating the website, and participating in Agency and partner meetings.

Summary of Key agency Department Activity

Administration:

Land Use

The VAAFM amended its Memorandum of Understanding addressing Farmland Conservation Stewardship with the Vermont Land Trust (VLT) and the Vermont Housing and Conservation Board (VHCB) increasing independent approval authority in accordance with VHCB conservation policies by VLT, the primary stewards of farmland conservation easements co-held by the three entities. This was one-step in creating efficiencies in the stewardship process of the approximately 600 co-held farmland conservation easements. The VAAFM looks forward to working with our conservation partners in taking additional steps that serve conserved farmland owners and support the program.

Stephanie Smith, Chief Policy Enforcement Officer, is featured in a short video helping farm operators navigate regulatory jurisdictional boundaries for agritourism businesses in the state. The video is one of many education materials available to individual's considering opening their farm to visitors offered by the [Vt. Agritourism Collaborative](http://www.uvm.edu/vtagritourism/?Page=land-use-video.html). To watch the video visit, <http://www.uvm.edu/vtagritourism/?Page=land-use-video.html>

Food Safety and Animal Health and Consumer Protection:

Consumer Protection:

The State Weights & Measures (W&M) Specialist/Metrologist attended and chaired the Interim Northeast Weights and Measures Association meeting held in Springfield MA. The meeting was attended by W&M regulatory officials from the northeast as well as numerous industry representatives. Issues were discussed and proposals voted on that will change existing laws and regulations as adopted by VT. Some of the issues included method of sale in grocery stores, regulation regarding water in motor fuel storage tanks, in motion weighing, and fraud being perpetrated on oil delivery trucks utilizing hose flush systems.

Other hot button issues included proposed tolerances on hydrogen fuel meters that will soon be coming to VT. These hydrogen fuel stations will be part of an eight state initiative/ agreement that includes VT. The goal of the initiative is to reduce auto emissions to zero by the year 2050. It was also reported that skimmers designed to take consumer credit card information at gas pumps are being reported around the Northeast. One was reported found in New Hampshire and

several found by NY state W&M inspectors. Law enforcement takes this issue very seriously and will immediately take over and launch a full investigation when found. There was discussion as to the possibility of having a nationwide survey/inspection done by W&M enforcement during a set time period to see how many of these devices may be in operation.

Meat Inspection:

- Working on the annual audit of the program for the USDA FSIS.
- Sugar Mountain Farm in Orange VT is conducting processing operations under VT State Inspection effective 10/14/15
- Screamin' Ridge Farm/Joe's Soups has left Mad River Food Hub, an incubator USDA/State Inspected facility and opened his own shop in Montpelier. The establishment will begin operations on 10/19/15 under federal inspection, however VT State Meat Inspection will initially cover the plant under the 100% federally funded Cross-utilization program
- Continuing to work on Budget request for USDA Federal Fiscal Year 2016 for 50/50 funding of the State Meat Inspection Program.
- Working on creating a Limited English Proficiency plan for the Agency to meet compliance with the Dept of Justice and the USDA for addressing discrimination and equal access.
- Continuing to follow up on the federal slaughter/processing facility that has been closed by USDA FSIS:
 - Operations at Westminster Meats, LLC, Est M40091 are currently suspended by USDA FSIS
 - The timeframe of this suspension is currently unknown.
 - Producers with product that is in-process at the establishment should contact plant management for updates, and to make arrangements with the plant of what to do with that product. Potential options include picking up the product, having the product processed under the custom exemption, or making arrangements with another federal establishment to further process that product.
 - If a producer has a live animal still being cared for at Westminster and wants to remove the animal from the plant, the producer will need to make arrangements with the plant management to coordinate with the VT State Veterinarian prior to moving any animals. A movement permit will need to be issued by the State Veterinarian before any movement can take place. The office has received several calls related to this.
 - If the plant decides to do custom operations, they have been notified they will need to license with VAAF, and follow state requirements related to such operation.
 - Producers that have future appointments at the establishment should contact the establishment for updates.
 - The USDA FSIS contact for questions related to the suspension is Carol Blake: 202-720-3884
 - VT Meat Inspection is fielding many calls from producers trying to figure out how to get their products out of the establishment and possible other establishments that may be able to process the animals for them.
 - VT is working with other surrounding State Veterinarians to ascertain requirements for producers to pick up live animals and bring them back to their farms or to other locations for slaughter. Removal of live animals from a slaughter facility requires approval from the State Veterinarian and the other states veterinarians if crossing state lines. The concerns are for the control of any disease conditions that the animals may have been exposed to.

Animal Health:

- Animal Health Field Staff
 - Observed Animal Disease Traceability practices at auction and met with Michael Lynch Director of the Livestock, Poultry, Grain, Market News Division.
 - Attended ACCS weekly sale and checked on ADT compliance.

- Attended a Dairy Sale at ACCS found official identification was missing on several consigned animals. Had auction personal make corrections.
- Inspected the Woodstock Farmers Market.
- Attended the PPE donning and doffing training in Waterbury as part of the Agency-wide avian influenza response preparation.
- Attended a meeting with Deputy Secretary Diane Bothfeld at the Intervale in Burlington with the manager Travis Marcotte concerning avian influenza and how it would affect their operation.
- Completed an inspection of a new dog rescue in Jeffersonville - inspection passed.
- Followed up with the NFO buying station in regards to the report from the NY Dept of Ag and Markets about an illegal dealer from New York buying calves in Vermont.
- Supplied a beef producer with producer tags and had him sign the producer tag agreement.

Agricultural Resource Management:

North Lake Farm Survey Initiative:

- Staff are conducting water quality surveys of farms in Franklin and Orleans Counties as part of the North Lake Farm Survey Initiative. Approximately 400 farms have been identified in the survey area and surveys are being conducted by several ARM Division staff members. Over 195 farms have been fully surveyed to date, data summary is ongoing and summary materials are being developed for presentations. The following number of farms were surveyed within the last week as part of the survey initiative:
 - 9 SFOs
 - 1 LFO

Medium Farm Operation (MFO) and Large Farm Operation (LFO) Programs:

- Staff are processing and preparing for Farm Agronomic Practices (FAP) Program grants for fall cover cropping and other FAP Program practices. The goal of the FAP Grant Program is to encourage the implementation of soil-based practices that improve soil quality, increase crop production, and reduce erosion and agricultural waste discharges.
- Staff are preparing to conduct an inspection of a LFO in Addison County that is related to a complaint from several local landowners. The landowners are asking AAFM, ANR and VTrans for a multi-agency comprehensive review of farm practices and landscape drainage. We are also preparing for a joint site visit with ANR to discuss water testing and storm water infrastructure that could help to treat storm water runoff from farm fields and the surrounding landscape. A joint trip-report memo was submitted to the complainants and follow-up is ongoing.
- Staff are working on and revising the North Lake Farm Survey Initiative Interim Report which highlights findings from the survey effort.
- Staff are working with LFOs regarding permit amendments for authorization to construct additional animal housing, waste storage, increase animal numbers and importation of wastes for digesters.
- Staff are drafting reports and memos related to inspections and enforcement cases and following up as needed.
- Staff are continuing to work on and test the FoodSafety Water Quality database. We are currently going through a business use case for the MFO program, which includes complaints and enforcement, to test and identify changes that need to be made.

Conservation Reserve Enhancement Program (CREP):

- Staff attended a presentation on CREP eligibility with FSA at a NRCS soil conservationist and VACD staff training. Staff also participated in remainder of training.
- Staff visited a SFO in Caledonia County to conduct CREP field work with VT Land Trust, Partners for Fish and Wildlife and the farm owner.

- Staff visited a SFO in Caledonia County to conduct a pre-install walk through with a fence contractor for CREP project.
- Staff visited a SFO in Chittenden County to meet with a NRCS archeologist and to get an AAFM BMP grant agreement signature from the farm owner.
- Staff visited a SFO in Chittenden County discuss CREP options and potential RAP implications for the farm.

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Deborah L. Markowitz
Agency Secretary

Trey Martin
Deputy Secretary

State of Vermont
Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: October 16, 2015
Subject: ANR Weekly Report

Governor Level Issues:

Alchemist: The NRB reached a settlement with the Alchemist on the outstanding violations at its Waterbury Cannery. The violations are for constructing certain structures without a permit, and operating a retail establishment in violation of its Act 250 permit. The key to settling the case was not naming the Alchemist in the settlement. Instead, the settlement names the Act 250 permit holder, from whom the Alchemist was leasing the property at the time of the violation. The Alchemist's reasoning was that it was not their Act 250 permit that was violated and the Act 250 permit holder told them they could engage in retail sales. The NRB agreed to the Alchemist's terms, provided the NRB would be guaranteed payment of the fine. The Alchemist paid the fine when it signed the settlement agreement. In accordance with state law, the settlement agreement has been posted on the NRB website for 30 days for public review and comment. It will not be final until the 30 days lapses, provided no comments are received.

Swanton Wind Site Visits: ANR participated in two site visits to the Swanton Wind site on Oct 14 - 15. The first visit focused on water quality and included DEC staff from the Watershed Management Division, a DFW fisheries biologist had planned to attend, but was pulled away by another priority. The project proposes 7 stream crossings, all 7 locations were visited by staff and recommendations were made on how to modify the proposed access road route and crossing technique to minimize impacts. The second visit focused on wildlife habitat and natural communities and included DFW wildlife staff and DEC wetlands staff. This group was particularly focused on the relationship between the proposed project impacts and a series of adjacent large beaver influenced wetland complexes and vernal pools that provide habitat for a range of bird and animal species. Both groups will provide general written comments to the applicant and have agreed to meet in the near future to review Swanton Wind's next iteration of

design plans. Note that they did not see anything at this point that would stop the project from going forward.

EVERYTHING ELSE:

Press Issues/Releases:

Amtrak Derailment - Rockfall Hazards: DEC geologists spoke to the AP about the geology of Northfield and rockfall hazards in Vermont.

Amtrak Derailment - Hazardous Waste: Once people were safely evacuated, the spill response program began working on cleaning up the spilled diesel fuel. Emergency responders had put booms in Bull Run Brook and no fuel has been detected in the stream. 900 gallons of diesel fuel are unaccounted for, and are assumed to have leaked onto the ground. Environmental cleanup contractors will be excavating the areas of contaminated soil and have established a staging area for the contaminated soil. Once the locomotive had been up-righted the cleanup contractors had better access to the area where the fuel spilled, with excavation of the contaminated soil commenced shortly after the engine is moved. The accident site is about a mile from Northfield's public drinking water source, so a vigorous cleanup of the spilled fuel will be important.

✓ Laura

Cabot Permit: Deputy Commissioner Desch and Indirect Discharge Program staff spoke with VTDigger about Agrimark-Cabot's indirect discharge permit renewal. We meet with Cabot about the permit next week. Given the controversy, Cabot is launching a stakeholder process to consider other technologies for managing its process water and byproducts.

F&W Releases - Archery Record: Pre-season scouting in VT's NEK paid off on the second morning of the state's archery moose hunt for Tammy Miller of Fairfax, VT. Using a compound bow, Miller took a 931 lb. bull moose with an antler spread of 53 ¾ inches on Oct 2 while hunting in Norton with her husband. Miller's huge bull topped the 919 lb. previous archery record moose taken last year by Kevin Rice. **Deadline for Watershed Grant Applications is Nov 20:** The 2016 VT Watershed Grants Program is now accepting applications for funding projects that help Vermonters protect, restore and enjoy the state's watersheds. The applications are due no later than Nov 20, 2015.

FPR Press - Columbus Day Foliage Preview: Commissioner Michael Snyder and Laura Peterson, Director of Communications at VT Tourism and Marketing, were interviewed for Channel 3 News to talk about foliage. **Fall Summit Celebrates Vermont's Town Forests:** An article about this upcoming event appeared recently in VT Digger. **Barnes Camp Wins Award:** The Barnes Camp restoration project has been named the 2015 Project of the Year by the Northern New England Chapter of the American Planning Association.

Significant Events/Meetings:

Train Derailment & Rockfall (Northfield): Our geologists provided geologic assistance to the National Transportation Safety Board (NTSB) at the train derailment site. They met with the investigators and discussed the geology and rock structures, rockfall and landslide types, and provided a geologic map of the site. They also discussed various methodologies and the hazard rating system for road cuts. The NTSB is charged with determining probable cause(s) of transportation accidents and making safety recommendations. Our staffs' opinion is that this type of rockfall is normal for Vermont

Onsite Regional Office Program Budget Cut Takes Affect: The remaining onsite septic system program Regional Office staff whose positions were cut earlier this year shifted into their new roles in DEC this week. One additional position will be part of a reduction in force in December. This is the Department's highest volume permit program (~2500 permits/year). We are launching a new online permitting system to help ensure a smooth transition. As we transition, we should be prepared for a delay in permits from ~ 7 days now to ~30 days.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Policy (OPP)

Peck Electric 150kW Solar Potential Visual Impacts to Mt. Philo State Park: Peck Electric has filed an application for a 150kW net metered solar facility in Charlotte. The town of Charlotte contacted ANR with concerns that the project will impact the primary view shed from the summit of Mt. Philo State Park. The town has requested the applicant provide parties a visual simulation of the project from the summit. Mt. Philo SP attracts over 50,000 visitors per year, many of whom come to enjoy the iconic view of the Champlain Valley from the mountain summit. The Parks Division of FPR has requested that OPP file comments with the PSB under Act 250 criteria 9k, which focuses on impacts to public investments such as the state park. The comments highlight the value of the park and importance of the view from the summit, and echo the Town's request for a pause in the proceeding until the applicant can provide a visual simulation of the project from the park.

Vermont Gas ANGP Phase I – 2nd Remand Status Conference: The PSB has scheduled an October 15th status conference for the remand proceeding related to VGS's Phase I CPG permit issued by the Board last year. The remand is to consider whether changes in project cost undermine the public good assumptions of the CPG, and whether that permit should stand, be retracted, or whether additional process is necessary. Since ANR entered into an MOU to resolve the natural resource impacts associated with the project, the Agency will likely not participate in the hearing.

Verizon Cell Tower (Waterbury Center): Verizon's proposal to build a cell tower and associated access road off Ruby Raymond Rd. in Waterbury center raises habitat connectivity issues. The Agency filed comments late last week, raising the general issue with the PSB and

now Verizon has agreed to extend the comment period for the project 30 days to provide time for them to work with a number of interested parties including the Town of Stowe, Town of Waterbury and ANR. OPP staff are working to schedule a meeting and likely a site visit for DFW staff as a next step in the process with Verizon.

New Applications for the Week of Oct 5: OPLA received 9 new Act 250 applications and 3 new Section 248 petitions.

Environmental Conservation (DEC)

December Lean Events: Three projects have been selected for business process improvement (i.e. a “Lean event”) in December:

- NRB Act 250 Application Process
- FPR Land Acquisition
- DEC Monitoring and Compliance for Grants and Contracts

Two of the three projects are outside of DEC, an indication that Lean is taking hold across the Agency and State government. VTrans also held a Lean event last week, with support from some DEC staff.

Enterprise Content Management System (ECMS): Best and Final Offers were received for ANR’s Enterprise Content Management System RFP. Once launched, there will be six ECMS pilot programs (see below). Our goal is to complete the RFP process by December.

1. Watershed Management Stormwater Construction General Permit (CGP)
2. Drinking Water Groundwater Protection (License Designer *or* Regional Office Permitting)
3. Waste Management and Prevention Hazardous Sites Remediation
4. Waste Management and Prevention Waste Transportation Permit
5. ANR-DEC Legal Services PSB Certificate of Public Good
6. Fish & Wildlife Threatened and Endangered Species

Rutland GE Groundwater Reclassification Order Signed: This order reclassifies the groundwater in the vicinity of the Rutland General Electric Facility to Class IV (cannot be used for drinking water) due to lingering contamination issues. As a result, new potable wells won’t be allowed to be drilled in the mapped Class IV area.

E-Waste Contract: The existing e-waste contract with NCER for the collection, transport and recycling of e-waste in Vermont was amended to make minor changes. The payment provision for the amount paid for each pound of e-waste managed was not changed, as requested by NCER. That change would be considered significant and the contract would need to go back out to bid. This is the mid-point of the two-year contract. The contractor’s response has been to inform collectors they will no longer be paid for collecting e-waste and we have received a number of complaints from solid waste districts who collect e-waste at their facilities. We are working to find a solution to this issue.

Morrisville Hydroelectric Project: Streamflow Protection Program met with Morrisville Water and Light to discuss the Agency's recommended conditions under the subsequent water quality certification / FERC license for the Green River facility. The majority of the meeting focused on the Agency answering Morrisville's questions on the study to assess the impacts of the winter drawdown on the Green River Reservoir. The Agency and Morrisville are scheduled to meet again in three weeks to further discuss operations of the Green River facility. Additionally, at the next meeting Morrisville would like to present a proposal for phasing in the Agency recommendations at Cadys Falls, Morrisville, and Green River.

Lower Swanton Hydroelectric Project: The Village of Swanton filed their ninth six-month progress report with FERC for their preliminary permit to investigate the feasibility of developing hydroelectric project at the lower Swanton dam. The filing is full of inaccuracies and suggests that it is the Agency that has prevented the Village of Swanton from making any progress on their project. However, the Agency filed study requests for the project in August 2013. The Village only recently submitted study plans for three of the ten requested studies. The Agency provided detailed comments on the three study plans, and indicated to the Village what they need to provide to the Agency in order to make a determination of whether or not the project will meet water quality standards.

Fish & Wildlife (FWD)

Deer Issues: There has been a lot of foot patrol and night patrol leading to excellent cases around the state. There has been a couple spikehorns that were shot and resulted in self turn-ins as well as a spikehorn checked in at a report station. Apparently the hunter didn't get the memo, about 11 years ago. There has also been a number of spotting and locating issues associated with this year's bow season.

ATV Issues: General ATV riding is down around the state although the use of them for hunting is up. There are violations that are still being detected including operation of ATV's on a public highway. Warden Taddei was able to apprehend four ATV riders on a public highway, three of them were arrested for DUI with the help of VSP and sheriffs.

To Stock or Not to Stock: District staff prepared for sampling OTC marked brook trout in Bourn Pond. The pond is located in the Green Mountain National Forest in the towns of Sunderland and Stratton. It is a remote 22.4 acre waterbody accessible only by foot via a 2+ mile hiking trail. Fingerling brook trout stocked from the air have been OTC marked since the spring of 2013. Sampling will be by means of experimental gill nets. The purpose of the study is to determine whether or not there is any natural reproduction by brook trout and, if so, is it adequate to maintain a fishable population without the need of annual stocking. This is the second year that the pond has been sampled. The study is being done in cooperation with the USFS, Manchester Office District Office.

Hydro Dams: The VT Tissue dam (Walloomsac River, North Bennington) was redeveloped as a hydro facility and recently began operating. A study has long been planned concerning the

instream flow needs of one of the bypass channels, but has been on hold until completion of the project. A conservative requirement was included in the 401, pending additional information that may support a lower conservation flow. Staff developed a proposal for a demonstration flow assessment study.

The Village of Swanton recently filed its 6-month progress report as required by FERC as part of the preliminary permit that the Village has for possible redevelopment of hydro at the Swanton dam. Staff reviewed the progress report and also responded to an information request from the Village's lawyer related to a request from the Department that Swanton repair a leaking sluiceway gate at the dam. This leak is a problem since at very low river flows, most of the inflow goes down the sluiceway rather than spilling over the dam. In 2012 this situation resulted in the dewatering of some key habitat areas downstream of the dam and a number of species of fish were killed, including a state-listed endangered species. A fish kill could happen again if river flows again drop to similarly low levels, and the leak is not repaired. The progress report indicated that the Village would respond with a repair proposal during the week of Oct 5-9.

Forests, Parks and Recreation (FPR)

Meetings: The ANR PILOT legislative study committee will be meeting again this week. We hope to finalize various PILOT alternatives and reach consensus on a recommendation regarding PILOT funding going forward. The ANR PILOT report is due to the legislature by November 30. We met last week with the Department's Maple Advisory Committee to discuss the Department's current tapping fees associated with sugaring licenses on Department lands. The current formula is established in statute and is based on the old maple syrup grading system. The committee was supportive of changing the formula to reflect both the new grading system and to increase tapping fees so that they better reflect the true value of this activity.

State Parks Visitor Numbers: Visitation at state parks remains strong during this particularly pleasant fall season (weather-wise). It is expected that attendance may exceed the 1 million visit mark.

Dead Creek Wildlife Day Invasives Walk: Elizabeth Spinney, Invasive Plant Coordinator, in partnership with Heather Ewing, Crew Leader for the Habitat Restoration Crew out of the Rutland Office, led a walk and talk at Dead Creek Wildlife Day in Addison, VT. The conversations focused on management and control options for honeysuckle and buckthorn.

Natural Resources Board (NRB)

Mountainside Condos: The NRB has been working with ANR on an appeal of Act 250 permit issued to re-build a condominium complex that burned down in Warren, near Sugarbush Resort. The Act 250 District Commission denied the application to re-build the project because the applicant did not propose a setback from a high elevation stream that has a history of water quality problems. State policy recommends a 50 foot set back from streams. The applicant

essentially proposed to build the project on the bank of the stream with virtually no set back. The NRB's position in the appeal is that state law does not provide an unfettered right to re-build a project if the project will result in impacts to public health safety or the environment. In this case, the project poses water quality and flood erosion hazard concerns. The applicant did not argue to the District Commission that they had a legal right to re-build the project on the same footprint as before without review. Before the Court, the applicant is now arguing that the scope of review is limited to changes to previous project, and the applicant should be able to locate the project on the streambank. The NRB believes that the applicant should be able to re-build the project. However, our position is that Act 250 has the right and responsibility to ensure that the project is re-built in a manner that does not harm water quality, or place new construction at risk from flood erosion hazards. The applicant is interested in working with the NRB and ANR to settle this case. The NRB believes there is a potential compromise. Meanwhile, the NRB has a deadline to file a legal brief next week on the issue of the scope of review of the project. The NRB intends to defend Act 250's authority to review the project.



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To: The Honorable Peter Shumlin
From: Joe Flynn, Deputy Commissioner of Public Safety
Date: October 15, 2015
Subject: Weekly Report

Priorities:

Justin

Staffing levels, retention and recruitment situation –

The need for positions remains a critical priority. With 5 “Retirement Incentive” persons, existing shortfalls, little to no bench-depth in several important areas (i.e. Sex Offender Registry – 1 person), capabilities lacking altogether such as any in-house GIS function, to mention a few on the civilian side. And a bubble of retirements looming on the sworn side, by early 2016, 4 of 9 Captains will retire. As is always the case we will manage our way through this, however it is important to convey the situation and identify the demands and pressures these cause the Public Safety mission.

Mold Remediation –

We continue to work with BGS regarding the mold in the older sections of headquarters, there is none at this time in the Forensics Lab. Proposals for the “investigative scope of work” are due now and we will coordinate that task with BGS accordingly. Removal and remediation will have to follow the investigate piece. In discussions with BGS to date, these efforts will require relocation of some headquarters employees. When an exact plan and timeline are decided we will advise further.

Vermont Patients Alliance –

Commissioner, Deputy Commissioner and the Marijuana Program Administrator toured the Montpelier dispensary. Not only was the tour enlightening regarding the medical program, but it afforded information that could be useful in any further legislative efforts surrounding marijuana. A side note to this, later that same day two employees of the dispensary were charged with Possession & Cultivation of Marijuana resulting from a search warrant executed at their Moretown residence.

Preliminary Budget Meeting –

DPS held it’s first budget meeting with Commissioner Pallito and his team this week. Being a Fee Bill year for DPS, much of our ability to meet the SFY17 level-funded budget parameters require increases in certain fees in addition to reductions we have made and the outright avoidance of certain needed initiatives across the department.

CJS

e-Ticket –

Commissioner and Deputy met with DMV Commissioner Ide to discuss the possibility of e-Ticket moving to DMV to manage the administrative (sub-grants etc.) piece. Current DPS admin and grants unit staff could not reasonably manage and administer the hundreds of sub-grants this will create. There was agreement this is an important project and should go forward.

WatchGuard/Body Cameras

Responses to the recent RFI for current video camera upgrades were received and ranked. The initial results indicate that a solution through WatchGuard would be the most advantageous for VSP. Funding through GHSP is being investigated for this project as it is a \$2M pressure and not in the draft SFY17 budget. One issue that will need to be addressed as part of this project is the video retention policy for Vermont. Today's policy creates a very difficult process for storage and retrieval of video. All new video capture systems utilize digital technology, which will require many terabytes of data for Vermont. A large percentage of the cost of this new system will be incurred in the area of storage.

Staff from Senator Leahy's Office visited the Milton cultivation site for the Champlain Valley Dispensary/Southern Vermont Wellness and were accompanied by registry and dispensary staff (per protocol).

Recruiting continues to be pending for the vacant VCIC Deputy Director and Criminal Record Specialist positions vacated by recent retirements.

The Vermont Human Rights Commission is responding to an inquiry relating to the Marijuana Registry, specifically about an individual with PTSD who was denied a card. Currently management is working with legal staff on responding to this inquiry as appropriate.

Assisted DEMHS with issues related to relocation of telephone service from HQ to the EOC at Camp Johnson. Complete resolution may involve network equipment configuration changes from DII.

The Vermont Forensics Lab is hosting an Open House on 10/21 to celebrate its 5th anniversary

Fire Safety

The court ruled in our favor Docket number 540-10-14 – Valley Dental versus Desrochers.

The fire safety calendar award ceremony scheduled for November 6, 2015 at the State House is going forward nicely. The award ceremony should be well received and attended.

The fire academy is offering a fire instructor class this fall which will help in acquiring more instructors to teach programs.

VSP

A Troop

FF

9 Total Arrests, 5 DUI

Fatal crash in Bolton. 22 year old operator died after hitting bull moose. 17 year old passenger with recoverable head injuries.

Fugitive from Justice, actor Randy Quaid.

BCI

Untimely Cabot, 91 year old male died in his sleep, history of cardiac issues and male was not taking medications doctor called for, natural.

Untimely Williamstown, 75 year old male in hospice care, uniform and AME responded to scene, BCI notified, no response by BCI as considered attended and nothing suspicious.

Untimely Richmond, 41 year old male found unresponsive installing a floor at a customer's residence. Customer had stepped out for an errand and returned to find victim. Victim had needle and white powder in pocket. Male sent to OCME. Case taken at Richmond PD's request as they had no one death certified available.

LCSIU, conflict case taken from Orleans County SIU, accused is the nephew of a Newport PD Officer. 16 year old female victim disclosed that 3 years ago she was sexually assaulted by the accused when he was 15 years old. Interview scheduled for this week.

NUSI, sex assault of a 14 year old female by 16 year old male. This was the fourth disclosure from a previous investigation. Male will be charged this week with sex assault, L&L and solicitation involving four females.

Assist to Marion, PA PD on 1968 burglary of historic artifacts from the Valley Forge National Park Museum, escorted them to homes in Chittenden County for follow up interviews.

Trooper Kyle Young death investigation completed short of toxicology. Case books/CD's to HQ and SA this week.

WCSIU, arrest made on mother of 14 year old Cabot teen who gave birth to a baby last week. She was charged with Cruelty to Children.

WCSIU, per SA request, follow up forensic interview on DV case in Middlesex of 6 year old female.

WCSIU, report of a 17 year old male in Cabot pinching other teammate's penises during soccer matches, investigation continues.

Cadaver dog search in Orange for remains of Phil Jackman. No other remains found, but areas of interest identified and we will follow up, November 3rd.

Untimely in Calais, 56 year old female with cardiac/pace maker issues, had recent surgery with complications, found deceased on her bedroom floor, sent to OCME.

B Troop

FF

8 Total Arrests, 2 DUI

Multiple burglaries in the area. 2 in Barnet; Paul's Whistle Stop cigarettes and lotto tickets, and a residence where \$700 cash was taken.

Meth Lab West Burke.

BCI

Death Investigation in Derby Line, 94 y/o female – natural.

Assisted Field Force with Embezzlement Investigation at Jay Peak Ski Resort (\$4000) – Interviewed Offender who confessed – subject arrested and charged with Embezzlement.

Bomb Squad detail at UVM for former VP Al Gore visit to campus, assisted with sweeps of venues, stand-by through event for any unforeseen situations, completed report documenting activities.

Assigned Sexual Assault investigation in St. Johnsbury – Juv female reportedly sexually assaulted by an adult male.

Arrested subject for Prohibited Acts from a previous investigation in St. Johnsbury.

Assigned Burglary investigation in Derby – identified, located, and interviewed suspect.

C Troop

FF

17 Total Arrests, 3 DUI

Missing person from Clarendon. Alzheimer's individual in a car and did not return home. Later located in Essex, VT.

Will continue to visit the remaining schools in Bennington County to help them with their Emergency Preparedness Plan.

BCI

Complete Addison County Sex Offender residency checks with Det. Tpr. Hodges

New investigation of alleged physical abuse of a six year old female; joint interview with DCF determined no criminal level of discipline.

Case follow up – Missing person Denise Hart: surveillance, reports, subpoenas, preservation letters, begin work on warrant.

Continued assistance to FHPD with armed robbery.

New Case – Missing Person Jessica Ploof. Located safe.

Reviewed and submitted final warrant for cell phone provider on fatal accident – Pittsford.

Continued work on Rutland County Sex Offender registry checks.

Assisted Pittsford PD with registry check on subject.

Assisted uniform with SOR violation.

Case Follow-Up: Sex Offense. Town of West Haven. It was reported a 19 year old vulnerable adult was sexually abused by a 44 year old male subject.

SIU Presentation at Mill River Union High School.

Continued case work to include juvenile interview with DCF.

New case – Fugitive from justice.

D Troop

FF

13 Total Arrests, 5 DUI

Stopped a vehicle on I91 in Putney for going 96 mph; arrested one for DUI and Excessive Speed.

Assisted the ambulance at the scene of a subject injured while cutting trees in Guilford; subject was life flight to Albany.

Responded to a report of a gunshot and that a subject had a hand wound. Investigation revealed that a male advised he was cleaning his gun when he had an unintentional discharge.
DUI refusal of a School Bus Driver, responded to a report from the school in Bethel that a school bus driver had been drinking. Cpl. found that the driver had been drinking and arrested him for DUI of a School Bus.

BCI

Attempted to locate offender in child abuse case.

Sex Assault – Newfane – Child Victim/Adult Offender: CAC Interview (Brattleboro), no disclosure from victim. Meeting with alleged offender and attorney in Brattleboro.

Sex Assault – Guilford – Call-Out Assist.

Sex Assault – SSCF – Audio Files Review.

Fugitive from Justice – SSCF – Request from CT to detain inmate from being released – Affidavit prepared.

Sex assault – Guilford.

Juvenile sex assault, Weston, forensic interview at CAC in Springfield.

Juvenile sex assault, Weathersfield, 2 forensic interviews at CAC in Springfield.

DCF intake, possible L & L with juvenile, Westminster.

TSU – Assist NIU with operation.

Planning for Make a wish in Derby.

Call out for elderly male falling down the stairs. Non suspicious at this time. Awaiting autopsy.

Call out for sex assault in Guilford. Recovered SANE Kit. No contact with victim. Turned over to Brattleboro BCI for follow up.

Follow up with self-inflicted gunshot to the chest. Subject is in ICU but stable.

TOPS

High School Career fair in Montpelier.

Search warrant with VT DMV and NYSP on Casella truck involved in the crash on VT128 in Essex. NYSP assisted with downloading the ECM.

Middlesex OIS, served four subpoenas, drafted search warrant for blood analysis.

Submitted Colchester- OIS to SA and AG Office.

UC operation / follow up in Denise Hart investigation.

Follow up – Whitingham Shooting.

Follow up – Berlin triple homicide.

DEMHS

DEMHS staff conducted a relocation exercise to the Alternate EOC this week. After Action Report will outline strengths and areas of improvement.

The GEPAC meeting was held in the SEOC and included agenda items on Avian Flu, Security Updates, Vigilant Guard and the Northfield Train Derailment.

HS completed planning for the Preparedness Conference being held next week.

HS Section Chief assisted the State of New Hampshire with drafting their THIRA/SPR providing technical assistance and guidance on methodology and process used in Vermont.

VT ALERT Presentation provided to VT Dept. of Liquor Control.



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Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Justin Johnson
DATE: October 16, 2015
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Issue Updates:

Emory Hebard Condo Association: We need to organize a meeting to have all members discuss next steps on the Property Management Firm's recommendation. We are proposing one month assistance from our office to transition. We are setting a meeting in October – details are being finalized due to Bank vacations, and busy calendars.

Berlin – Vermont Psychiatric Care Hospital – Safety: Progress has been made on the staff and patient safety measures requested by DMH, but things are on hold for the kitchenette door replacements due to staffing shortages at the facility. This is causing delays for the contractor; DMH has indicated it may be as long as a year before we can complete. We have asked if DMH can make some concessions to allow completion as this will cost the State more money, as well as expose the State to liability concerns should something happen with an identified safety issue.

Randolph – Ag/ANR Lab New Construction: We are working on budget clarifications in preparation for the capital bill requests. This includes making determinations on which sustainability and energy efficiency measures we hope to pursue based on life cycle costing information. We are also working with Agriculture and ANR regarding the operational budget information the Legislature is asking for. The contract for Wood Design Consulting Services has been given to Contract Administration.

Westminster – Public Safety Facility New Construction: All aspects of construction are underway at the site. The contractor has been delayed with construction of the garage due to the stumps and fuel tanks, which were found buried in the foundation area. This issue has been resolved other than hauling the fuel

tanks off site. Roof shingling work is underway, as is interior mechanical, electrical and plumbing. Spray insulation and sheetrock is also being done at this time. Approval of change orders is critical as the contractor and subs have to finance the extra work that was primarily due to site work and code issues.

Woodside: Champlain Water is digging holes today to cut into the main water line tomorrow. Rerouting and putting in some new valves. We have a water truck available to supply water temporarily. The Fire Department is running hoses thru non construction areas in the event they are needed and we are performing fire watch tomorrow during the water outage.

Waterbury Forensic Laboratory: Senator John Campbell has received a list of laboratory operational issues from an unidentified laboratory employee. This list covers the last five years since the opening of the laboratory. The majority of the issues have previously been addressed. BGS is preparing a response. Senator Campbell was to tour the Laboratory on Thursday, October 15th, but the meeting was cancelled by the Senator.

✓ Sarah

FOIA – Lt. Governor Scott: We need to provide Jeff Lively with any correspondence with Phil Scott or his office or businesses. Tires for Warmth – donated by FMS; Sponsorship for use of the Pavilion Auditorium.

Fleet Management Services – National Association of State Fleet Administrators Conference: Harmony is preparing a presentation for the Commissioner/Deputy Commissioner. GPS Units in other states' vehicles are saving money, reducing emissions and reducing number of accidents. One-year pilot; four different vendors. Implemented fleet-wide after seeing early savings. Resulted in reduction in number of vehicles in the fleet. Should Vermont pilot? Leasing vehicles vs. purchasing vehicles – Operating Leases.

Install GPS units in FMS Lease vehicles: As of this morning, 10 of the 13 GPS units have been installed for this 3-week study. Fleet has been asked to participate in an EV study in collaboration with VEIC and Wanda Minoli approved the study with conditions. ANR and AOT are interested to participate, but they want this information:
economy of electric vehicles vs. gas/ electric hybrid vehicles and emission savings. No employee names will be connected to the study and we will be using only VIN to identify vehicles.

Status of Governor's Priorities:

Stable & preparing for 2016 legislative session.

Significant Meetings/Events:

Section 27 of the Capital Bill Meeting: Met with Patricia Gabel & Matt Riven and discussed the State's responsibility for maintaining county courthouses. BGS is not the author of the report, rather a consulted organization.

Robert Dostis: Discussed Windsor Solar and we came to an understanding the project is still alive.

VTC Heat Agreements: Meet with Jaye Johnson from the AG's Office and discussed how to enter into a contract with VTC to purchase heat and also a dissolution plan.

FINANCE AND MANAGEMENT

Nothing to report.

HEALTH CARE REFORM

Issue Updates:

All Payer Model: AOA staff, GMCB staff, and consultants continue to refine the State's negotiating positions to enable further discussion with CMMI. The GMCB's main consultants are in town on Friday, 10/16, to help finalize the State's position on the financial targets portion of the negotiation. This will help us answer the essential question of whether the financial deal offered by the federal government is reasonable for Vermont.

Michael Costa of AOA and Ena Backus of the GMCB led the monthly APM meeting with AHS leadership and staff. We have made substantial progress over the last month aligning AOA, GMCB, and AHS staff, and the meeting demonstrated that we are on the right track regarding the streams of work that must be completed to align a proposed Medicare waiver with the existing Global Commitment waiver. Alignment with AHS has been considered a potential risk and problem area, and AHS staff deserves credit for putting in a very good month of work on this project.

As noted in previous weekly updates, AOA staff remains concerned about the tempo of GMCB's APM work. In particular, the GMCB's work on how it would change its regulatory process and enhance its operations to accommodate an APM seem quite slow. Overall, there seems to be a reluctance to commit to certain lines of work unless Vermont is going to execute an agreement with the federal government. This posture would cause the project to make slow progress on certain key areas of the project over the next 2-3 months until a term sheet is signed.

Excise Tax/Large Group Market Study: The actuaries continue to analyze future strategies to reduce or eliminate liability for the so-called Cadillac Tax. We expect more data next week, and AOA staff will reconvene the stakeholder group the week of October 26 or soon thereafter.

SIM/VHCIP: The SIM Core Team met on 10/13 and approved the Year 3 budget and milestones. They also approved the final high-level project goal for SIM (a health data-related goal). The Core Team also approved changes to the Shared Savings Program Measure set for 2016.

The SIM Team continues development of our Y3 Operational Plan, due 11/2, which includes all of our Y3 activities, timelines, budget detail, and work plans. Additionally, the SIM Team is finalizing the third quarterly report for 2015. These activities are being aligned with the APM work to ensure there are appropriate resources to support those activities as well as ongoing SIM initiatives.

Universal Primary Care: The draft cost estimates and report were submitted to JFO Thursday 10/15, as required by the statute. There are a number of areas we highlighted for the JFO review.

1. Cross-walk with GMCB primary care definition for their primary care capitation model work
2. We are gathering additional stakeholder feedback between Oct 16-Oct 30
3. Coverage assumptions are consistent with current law and Green Mountain Care as much as possible, inconsistencies are noted

4. We identified areas that will affect the cost estimates
5. Weakly modeled increasing provider reimbursements to reflect current discussion regarding the merits of increasing primary care payments
6. Take a closer look at Blueprint assumptions and Medicaid trend assumptions
7. We identified areas that will need further analysis.

JFO has October 15 through December 2 for their independent review. AOA has an additional two weeks after that to incorporate comments before the final report is due December 16.

Press/Media:

Nancy Remsen asked Michael Costa about the Excise Tax study. She heard about the study at the Vermont League of Cities and Towns annual meeting. She would like a chance to discuss the tax and study prior to its release.

Other/Significant Meetings:

On October 7, the Protecting Affordable Coverage for Employees (PACE) Act was signed into law. This federal law keeps the definition of small employer at 50 employees under the Affordable Care Act as opposed to 100 employees. States have the option to keep the increase to 100 employees. Vermont's law currently includes the increase to 100 employees and the 2016 insurance rates and plans have been built with this definition in mind. Accordingly, the definition for 2016 will remain at 100 employees. The legislature may raise this issue during the session.

GMCB "stranded dollars" report - GMCB filed a report to the legislature on whether the reduction in free care resulted in a windfall to hospitals. This was requested by Senator Ashe. The board determined that this was adjusted for in the hospital budget process and there are no "stranded dollars." Senator Ashe is not going to be satisfied so we wanted to make sure you had a heads up.

HUMAN RESOURCES

Legislative/Policy Update:

- Continuing to work with AHS on how the State as an employer can help tackle poverty. We are working to identify ways to be more accessible to job applicants with disabilities and are exploring how we could partner with Reach Up to provide a path to employment for its beneficiaries.

Communications Update:

- In light of the VSEA NMU declaring impasse, we have been coordinating with you and the Governor's office regarding the media. After the initial round of reporting we circled back with VTDigger and the Vermont Press Bureau to clarify that a 2% increase was never on the table. Both posted updates. We also had an off the record conversation with the Vermont Political Observer.
- Anson Tebbetts of WCAX has inquired about the PSAP consolidation and is trying to figure out if it will save less money than projected. He has heard that we were adding an additional dispatcher which is not true. We are coordinating with DPS.

Scott

Significant Events/Meetings:

- A great deal of time has been consumed with AOE employee Perry Thompson who was arrested on charges of child sex abuse. We served him with notice of intent discipline. Hoping to schedule Loudermill hearing for this week. He has obtained VSEA representation. Working closely with Secretary Holcombe on investigation and messaging. Governor's office is being kept in the loop.
- Workplace Violence is under revision, and we continue to get feedback/resources.
- National Life hosted an active intruder training last Friday. Many state employees in attendance.
- The HR Compliance team delivered the ACA presentation at the ANR, AGR and DEC Leadership meetings.
- Part of a conference call on the latest updates for nurse recruitment. While they have not made any offers yet, they have four viable candidates who they plan to make offers to. The posting remains open for recruitment. With those offers, that leaves 10 open Psychiatric Nurse II positions.
- The nurse retention bonus program ended. For the period of 7/24/15 – 9/30/15 nurses were paid \$100 for every shift they worked. Added up the total bonuses and it looks like they paid about \$78,000 in bonuses to nurses over that time period.
- Provided information for VOSHA request related to Sobel death.
- Coordinated issues related to the presence of Desiree Herring on State property. Drafted statement to AOE and DCF employees .
- Participating in discussions with VR and DCF about increasing our hiring of applicants with disabilities and Reach Up participants. VR is interested in numeric targets for their performance accountability/scorecard metrics
- Reporting >2800 have signed up for the flu shots. Early clinics have gone well. No issues visible to employees, but, behind the scenes tech and reporting glitches continue to occur. These problems are continuing to be resolved, but we are going to take a hard look at our vendor once this is over, re: performance.
- The Extended Cabinet SSG one-days are filling up, with 20 individuals registered, fairly evenly distributed among the three days.
- Bargaining continues.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare:

- IRS Audit – September
 - There were critical findings identified for obsolete operating systems that are being worked through. We should consider a policy to prevent this from being so widespread in every audit.

Web Updates:

- The new Tax Department website is now live at tax.vermont.gov.
- The Natural Resources Board new template site has been created in the development environment and training is scheduled for 10/20.
- The new Human Rights Commission website will go live 10/26.
- The Health IT program has submitted its site map for a new site. This will be created in the development environment and training will be scheduled shortly.
- Additional training was held 10/8 for the Governor's Committee on the Employment of People with Disabilities Website.
- Harry is working with the CMO's Office to develop a project proposal for redesigning the Vermont.gov portal.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

Website: Our new website went live on Tuesday! Some staffers had a moment of panic as the clunky old site that they had come to love in the past couple decades came down, but with quick intervention from our outreach team, they soon were singing praises. They were reassured of the ease of navigation (including a newfangled search button) and that any requests for changes would be addressed immediately – there were changes by the first afternoon. The public response has been overwhelmingly positive. Big step for the Department.

Delayed Refunds and Position Cuts: At the tax conference the Commissioner attended several weeks ago, re-setting expectations around the speed of refunds was a consistent theme in order to combat the pervasive fraud that we are experiencing. Fraudsters deliberately flood their phony returns in the early days of processing when the Department does not have complete W-2 and 1099 information. Unfortunately, for years the IRS and revenue agencies touted quick turnaround and refunds came to be seen as crucial cash assistance or vacation bonuses. Those days are over. Although delay undoubtedly is difficult for the EITC population, we will be driving home the point with stakeholders that a relatively short delay (6 weeks) so that we can match to employer data will avoid literally a lifetime of hassle that results from a fraudulent refund issued under a taxpayer's social security number. The IRS requires

anyone whose Social has been compromised to use a special unique pin each year, which causes months of delay to set up in the first year, and delayed processing forever thereafter.

In continued meetings with staff, delaying refunds until March 1 was cited as the move that would save the most internal resources as the Department continues to lose positions. We would avoid some of the fraud review we currently perform, and if well publicized, we would avoid multiple “where is my refund” calls. Interestingly, staff also consistently cited two programs as monopolizing their time – property tax adjustments and renter rebate, the latter being the number one subject of phone calls despite being a relatively small population of recipients. Even line staff express frustration that the complexity and what they perceive as the generosity of these benefits prevent them from doing what the state desperately needs – collect money due from other taxpayers. A similar complaint was expressed repeatedly about the VEGI program, which absorbs a full time position despite having an audience of less than 50 companies while our filers number in the hundreds of thousands.

The other consistent theme with staff was that the timing of these last cuts was unfortunate as we are in the midst of IT integration which itself represents a short term squeeze on resources. In a couple years when we are on one IT platform we will have huge efficiency gains – but we need to get there.

Current Use Audit: The three towns that were selected for the first year legislative mandated audits – Isle LaMotte, Ludlow and Salisbury – have all been informed, as have key legislators. We also discussed in a meeting with VLCT. The new Director of PVR, Doug Farnham, is handling this sensitive task with aplomb.

VY: Vernon says it will not defend if Yankee appeals its education tax bills. We will have to see how the company proceeds.

Sharing Economy: The Commissioner has been reaching out to other states that have come to an agreement with AirBnB to collect rooms tax– it seems that there have been mixed experiences. Generally, it seems that AirBnB wants regulatory assurances that they will be allowed to operate – we discussed this with VLCT. The Commissioner suggests that we convene a Sharing Economy Working Group to tackle the issues presented in this new economy where everyone is an entrepreneur and tripping into taxation and regulation issues. Internal stakeholders include Tax, ACCD (Tourism), Labor, Health, DMV. External stakeholders include VLCT and the Chamber.

VTax: We are four weeks away from go live. We are executing our plan to inform sales & use, meals & rooms, and withholding tax filers that they need to migrate from our current online filing system to the new My VTax portal. This phase represents not only a major IT upgrade, we simultaneously are instituting a major change in business process by adding a new step of information exchange and negotiation prior to assessment. The first correspondence a taxpayer will receive is the “Notice of Intent To Assess” (NOIA) and an invitation to contact us. If an assessment is ultimately issued, the new SOP puts it on a track to be resolved within 18 months. This is a big shift, and we will be training staff during the quiet period before go live not only on technology but also these new processes.

7
Pepper

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: James Giffin, Interim Commissioner
Date: October 8, 2015
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates: The DLC board is working on a memo to the legislative Modernization study committee on the points they would like to see the committee support in a final report.

Press Issues/Releases/Contacts: Mike Donahue has requested some routine investigator's report on a Licensee who had a hearing with the DLC board this week.

Significant Events/Meetings: DLC Board meeting 10/14/2015; Board established a sub-committee for recruitment of a Commissioner and Deputy Commissioner

Summary of Key Department Activity:

Agency Issues: The Agency in Norwich is working to secure a Letter of Credit so that we will not terminate their contract. We stopped delivery of spirits this week and notified the licensees.

IT POS system: DLC IT Division advises that DII has not responded to DLC, however, Finance responded to say the POS Contract amendment looks fine, and DLC should begin the signature process.

Warehouse: The Modernization Study Committee has asked me to speak about the final warehouse evaluation report at their meeting next week.

Enforcement: Routine investigations. DLC cleared ICAR on proposed Regulation changes pertaining to re-selling of fortified wines and container sizes. Even though liquor agents were not involved in the fortified wine legislation, DLC anticipates some of them may oppose the proposed regulations that would limit their ability to get a fortified wine permit. The board is concerned that we may be stuck with some high end wines that the licensees order and do not pick up. I need to investigate further if we can make them either pick up in 30 days or pre-pay.

Commissioner's Commentary:

This week I issued a Department Policy that limits the sample size of liquor samples provided to the Listing Committee by manufacturers/distributors for committee review. Sample sizes are now limited to 50 ml. containers, and even those are optional. Policy was cleared and supported by HR.

LOTTERY

I am away at a conference until tonight. No news to report for media, legis, or other issues.

Greg

Sent from my iPad